

8/29/77 [2]

Folder Citation: Collection: Office of Staff Secretary; Series: Presidential Files; Folder: 8/29/77 [2]; Container 38

To See Complete Finding Aid:

http://www.jimmycarterlibrary.gov/library/findingaids/Staff_Secretary.pdf

WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
memo w/att.	<p>From Brzezinski to The President (4 pp.)re: Recommended UNGA Schedule /enclosed in Voorde to Kraft 8/29/77</p> <p><i>4 pp. opened per RAC NLC-126-9-7-1-4</i> <i>3 pp. opened per RAC NLC-126-9-7-3-2</i> <i>2 pp. brought forward (Route sheet & cover sheet),</i> <i>2/19/13</i></p>	8/26/77	A

FILE LOCATION

Carter Presidential Papers- Staff Offices, Office of the Staff Sec. - Pres. Hand-writing File 8/29/77 [2] Box 46

RESTRICTION CODES

- (A) Closed by Executive Order 12356 governing access to national security information.
- (B) Closed by statute or by the agency which originated the document.
- (C) Closed in accordance with restrictions contained in the donor's deed of gift.

THE WHITE HOUSE
WASHINGTON

August 29, 1977

Bert Lance

The attached was returned
in the President's outbox and
is forwarded to you for your
information and appropriate
handling.

Rick Hutcheson

cc: Zbig Brzezinski
Barry Jagoda

RE: APPROACH TO CONGRESS CONCERN-
ING THE REORGANIZATION OF
INTERNATIONAL EXCHANGE AND
INFORMATION PROGRAMS

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
X	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
		WATSON
X		LANCE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
X	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
X	JAGODA
	KING

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

Bert
C
—

AUG 26 1977

MEMORANDUM FOR: THE PRESIDENT
FROM: Bert Lance *BL*
SUBJECT: Approach to Congress Concerning the Reorganization
of International Exchange and Information Programs

The attached memorandum presents proposals for reorganization of the cultural and educational exchange activities of the State Department and the information activities of the U.S. Information Agency. This is an issue which has, over the years, generated considerable interest in the Congress. With a decision on your part known to be approaching, congressional interest is now acute. Particular points of concern on the Hill are the independence and integrity of the cultural exchange programs and the Voice of America's news operations.

I suggest that after you act on the attached memo, but before a reorganization plan is sent to the Hill, Harrison and I meet informally with appropriate members of Congress to indicate the directions in which the Administration is inclined. That should make it possible to key the language of the plan to legitimate congressional concerns, and to produce a high degree of congressional support for our proposals.

ok
J

Attachment

Mr. President:

Staff views are incorporated into the Lance memo. No other comments received.

--Rick

Electrostatic Copy Made
for Preservation Purposes



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

AUG 26 1977

MEMORANDUM FOR: THE PRESIDENT
FROM: Bert Lance *BL*
SUBJECT: Reorganization of State Department's Exchange Program,
the U.S. Information Agency, and Related Programs

In response to memos from Secretary Vance, Zbig Brzezinski, Barry Jagoda and me on the subject of reorganization of our "public diplomacy" programs, you stated that you desired to study the question prior to making decisions on the issue. Accordingly, Reorganization Project and other OMB staff, after extended consultation with Zbig, Barry, David Aaron, John Reinhardt of USIA, and Warren Christopher and Joe Duffey from State, have drafted this memorandum for your consideration.

Our public diplomacy consists of cultural exchanges, the dissemination of information and the rendering of policy advice to the President and other officials making foreign policy decisions (see Attachment 1, page 1). These functions are now carried on by the Bureau of Educational and Cultural Affairs in the State Department (CU) and by the U.S. Information Agency (USIA) (see Attachment 1, page 2). Three issues are presented for decision:

1. Should CU and USIA be consolidated (page 2)?
2. If consolidation occurs, what should be the relationship of the new entity to the State Department (page 3)?
3. If consolidation occurs, what should be the relationship of the Voice of America to the new entity (page 5)?

1. SHOULD CU AND USIA BE CONSOLIDATED?

Discussion

There is a considerable body of opinion holding that a consolidation should be effected, on the rationale that locating complementary programs in a single location facilitates their orchestration toward like goals. CU carries on the cultural affairs function in Washington but cultural exchange is administered overseas by USIA personnel (as well as by 43 local Fulbright Commissions and by

private U.S. organizations). It is this split in Washington leadership that is in large measure responsible for interest in reorganization. The single field organization attempting to orchestrate all of these programs must report to two separate leaderships, each of which maintains in Washington a separate set of regional bureaus and country desks.

A consolidation would produce a new organizational entity to which similar programs operated by other agencies and Departments might be added in the future.

Many academics, the Linowitz Commission, and the American Council on Education object to placing the educational and cultural exchange program in an agency whose functions they perceive as including the dissemination of "propaganda", but any relocation of CU should include the Board of Foreign Scholarships (a Presidentially appointed Board created by the Fulbright-Hays Act to supervise the educational and exchange program and to select the program's academic grantees). The Board should be able to continue to assure the non-political nature of the Fulbright Program. Further, the individual responsible for cultural and educational exchange in the new entity should have an appropriate rank -- perhaps at the Deputy Director level -- and consolidation should be accompanied by a new name that gives less prominence to the information function.

There are several other factors related to a decision to consolidate USIA and CU: A consolidation should include also consolidation of the advisory committees to USIA and CU, the U.S. Advisory Commission on Information and the U.S. Advisory Commission on International Educational and Cultural Affairs. Second, CU operates five reception centers for foreign visitors at major ports of entry into the U.S. Because these centers serve visitors under both AID and CU programs (about half from each), and because of their domestic location, the Chief of Protocol (Evan Dobelle) and Joe Duffey have suggested that they not be moved with CU but be placed in the Protocol Office. (Hamilton strongly agrees with Dobelle.)

Regardless of whether USIA is to be consolidated with CU, this is an appropriate time for a full review of USIA's internal structure and personnel system, both of which appear to constrain rather than support the kind of creativity and venturesomeness that should characterize the agency. Director Reinhardt has begun such a review but would be greatly assisted in this task by a Presidential statement of support and encouragement. We urge that such a statement be made, either in your message transmitting the reorganization plan to Congress or in a separate memorandum to Director Reinhardt.

Recommendation

Consolidate the educational and cultural exchange activities of State and the information and cultural activities of USIA to produce a new organizational entity. A Presidential statement defining the mission of the new entity and assuring the continued integrity of educational and cultural exchange organization, activities and budget should accompany the consolidation.

This recommendation is supported by Zbig Brzezinski, Barry Jagoda, David Aaron, the Reorganization Project, OMB, State and USIA. No one in the Administration has expressed support for either retaining the status quo or following the Stanton Panel's recommendation of placing "policy" information activities in State and "general" information activities in an independent agency (see Attachment 1, page 8).

Decision

Agree

✓

JC

Disagree

2. IN THE EVENT OF CONSOLIDATION, WHAT SHOULD BE THE RELATIONSHIP OF THE NEW ENTITY TO THE DEPARTMENT OF STATE?

The more that public diplomacy programs should concentrate on building overseas support for current American policies, the closer to State (in terms of both policy guidance and organizational location) any new entity should be. To the extent that public diplomacy should concentrate upon enhancing a broader mutual understanding, the more distance from State is appropriate.

So long as the budget and operations of the new entity are separate from those of State, its formal relationship to State is likely to matter less than the strength of its leadership and the degree of interest shown by the Secretary of State. Even so, the acceptability of consolidation to the Congress, the agencies, and the interested public will be affected by questions of form. Accordingly, there has been considerable discussion among the participants in developing this memorandum as to whether the relationship of a consolidated entity to State should approximate that of:

- AID, an agency within State whose Administrator reports to the Secretary,
- ACDA, an agency outside State whose Director reports directly to the President, but acts "under the direction of the Secretary of State", or
- USIA, an independent agency whose Director reports to the President, but receives foreign policy "guidance" from the Secretary of State.

(The details of these relationships are set forth in Attachment 2.)

Recommendation

Secretary Vance prefers a relationship like that between AID and State, but has agreed to support an ACDA-like relationship as an acceptable compromise of the differing views on the subject. Zbig Brzezinski, Barry Jagoda, David Aaron, John Reinhardt, and the Reorganization Project, though inclined to a relationship like that between USIA and State, have agreed to concur in recommending an ACDA-like relationship. OMB's International Affairs Division recommends maintaining the existing relationship between USIA and State.

Decision

Relationship approximating that of AID and State

Relationship approximating that of ACDA and State

Maintain existing relationship between USIA and State

3. IN THE EVENT OF CONSOLIDATION OF USIA AND CU, WHAT SHOULD BE
THE RELATIONSHIP OF THE VOICE OF AMERICA TO THE NEW AGENCY?

VOA is currently a component of USIA. It accounts for about one-quarter of USIA's budget of \$264 million. A decision as to the degree of VOA's independence from the other aspects of public diplomacy depends upon the degree to which VOA's news gathering and reporting should be independent of foreign policy guidance from State or other agencies.

The question of whether VOA's news operations should enjoy the same independence as those of private broadcasting stations has long been argued among State, USIA, VOA, and interested outsiders. (There has been less controversy as to the propriety of State's giving guidance where analysis and commentary are concerned.) Some have argued that as a U.S. Government radio station, VOA inevitably is taken by overseas listeners to represent official U.S. policy, and that therefore, its broadcasting activities (including news broadcasting) should not be inconsistent with official U.S. policy. Thus, in March 1975, State and USIA prevailed upon VOA not to carry the story of student demonstrations in Phnom Penh calling for Lon Nol's removal because of the "possibility" that the broadcasting of such a news story "could be misconstrued as a signal that the U.S. Government was sympathetic to those demands." Similarly, in October 1976, the U.S. Embassy in Tel Aviv forbade a VOA correspondent to check the veracity of a news story with a Palestine Liberation Organization spokesman because the U.S. does not officially recognize the PLO.

Those opposing this view take the position that we best demonstrate our strength as a nation by permitting VOA to broadcast the news without regard to official U.S. Government policy, while retaining for State the authority to provide guidance for analysis and commentary and to take VOA air time on its own to explain U.S. policy.

In a May 1977 memorandum, USIA Director Reinhardt stated that "VOA will be solely responsible for the content of news broadcasts." Nevertheless, there are those who believe that only structural independence will assure that freedom. Among these are the Stanton Panel and Senator Percy, who have suggested that an independent VOA be headed by a board with both private members and one or more representatives of State and/or USIA. Others supporting news independence believe that it can be attained without structural independence if there is a strong Presidential statement guaranteeing the functional independence of VOA's news gathering and reporting operations.

Recommendation

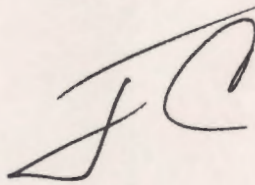
Retain VOA in a consolidated CU-USIA, with a strong Presidential guarantee of the independence of its news gathering and reporting operations. This is supported by Zbig Brzezinski, Barry Jagoda, David Aaron, the Reorganization Project, OMB, State, and USIA. No one in the Administration has expressed support for creation of a structurally independent VOA.

Decision

Agree

☒

Disagree

☐

Attachments

**Electrostatic Copy Made
for Preservation Purposes**

BACKGROUND INFORMATION ON PUBLIC DIPLOMACY
PROGRAMS AND REORGANIZATION

Policy and Functions.....	1
Current Organization.....	2
The Stanton Panel Report.....	5
Congressional Situation.....	6

POLICY AND FUNCTIONS

The United States Government's international information, educational and cultural programs (collectively known as our "public diplomacy" program) have two separate but related objectives:

1. to foster the long-term American foreign policy goal of promoting interactions which deepen mutual understanding, encourage rational approaches in dealing with problems among nations, and strengthen cooperation between our people and the peoples of other countries, and
2. to influence the predispositions, perspectives and perceptions of other peoples to understand, accept or support American foreign policy goals of a more specific and often shorter-range character.

Public diplomacy consists mainly of three functions:

Exchange of persons. Programs for the exchange of academics, artists, political leaders and others are now directed by State's Bureau of Educational and Cultural Affairs (CU). These exchanges serve both policy objectives set forth above.

Dissemination of information. This function includes the dissemination of information about American society generally and information about U.S. policies, both of which are now conducted by the U.S. Information Agency (USIA). In addition, it includes the broadcasting of news. The information dissemination function also serves both of the policy objectives set forth above.

Policy advice. The Director of USIA advises the President, Secretary of State and other officials whose decisions affect foreign policy on the foreign opinion implications of U.S. policy decisions. This function is generally considered to serve principally the second policy objective.

A wide variety of means are employed to accomplish these objectives. Exchanges of persons from academia, journalism, the arts, government, labor and business are financed by CU both to enhance generalized understanding and to influence others on American policies. Radio broadcasting and USIA exhibits, book activities, movie and television distribution, press placements and personal contacts can be and are directed toward both objectives.

CURRENT ORGANIZATION

The two Federal agencies with primary responsibility for the public diplomacy program are the U.S. Information Agency (USIA) and the State Department's Bureau of Educational and Cultural Affairs (CU).^{*} USIA is responsible for the information dissemination and the policy advice functions. CU carries on the cultural affairs function in Washington but cultural exchange is administered overseas by USIA personnel on behalf of CU, by 43 local Fulbright Commissions, and by private U.S. organizations. There is almost universal agreement that this arrangement is confusing and inefficient. Further, there is some sentiment for transforming the Voice of America from a unit within USIA to an independent agency to reduce the possibility of political interference with its news gathering and reporting function.

United States Information Agency

Mission:

Disseminates abroad information about the United States, its people, and policies promulgated by the Congress, the President, the Secretary of State and other responsible Government officials affecting foreign affairs.

Background:

USIA was established in 1953 to remove operational activities from the Department of State. The cultural exchange functions that are now in CU were also scheduled to be included in the new agency, but opposition from Senator Fulbright and others (who feared the effects of consolidating the exchange programs with what they perceived as a "propaganda" agency) caused this aspect of the proposal to be dropped. USIA is responsible for the information dissemination and policy advice functions. In addition, cultural exchange is administered overseas by USIA personnel on behalf of CU.

* Other organizations having information and exchange programs overseas include the Board for International Broadcasting (BIB) which funds Radio Free Europe/Radio Liberty, and the Japan-U.S. Friendship Commission. The Departments of Defense, Commerce and HEW, the Agency for International Development and the National Science Foundation also have such programs related to their missions. We recommend no action regarding these programs at this time, but propose to consider whether they should be studied by the Reorganization Project.

Operations:

1. Overseas missions.- -The Agency operates 187 posts in 113 countries. These posts conduct informational and cultural programs (including the Exchange of Persons Program of CU) using materials prepared locally and by the media services in Washington. Typically, these posts' activities include: the provision of speakers and seminars on subjects from the arts to economics to foreign affairs; the administration of short and long term exchange of leaders in politics, business, academia, etc; the operation of English teaching programs, cultural centers, libraries, programs of media relations, press, TV and radio placement, and book promotion and distribution. In large American embassies, a USIA officer often serves as a full time press spokesman. Where possible, the post conducts limited public opinion surveys (usually using local private polling mechanisms) to survey foreign public opinion on subjects important to American foreign policy interests or useful in local USIA programming. USIA officers maintain relations with leaders in the press, universities, cultural community, etc., who often have no other U.S. Government contact.

These posts vary greatly in size. Many African country posts are staffed by one American and four or five local employees. In Brazil, as an example of a large country effort, there are USIA posts in seven cities with a total of 38 American and 140 local employees.

2. Media services.- -These services provide support for overseas country programs.
 - (a) Broadcasting Service (better known as the Voice of America) produces radio broadcasts in English and 36 foreign languages. Programs are broadcast from transmitters at five domestic and nine overseas locations. The service also supplies the overseas missions with recorded radio programs and scripts for use on foreign stations. VOA's responsibility is to report the news, to broadcast analysis and commentary presenting U.S. policies and positions, and to provide the people of other countries with information about "American thought and institutions" generally.
 - (b) Press and Publications Service maintains communications facilities for the transmission of editorial, news, and feature materials for adaptation by overseas missions. It produces pamphlets and periodicals in English and foreign language editions for worldwide and special area distribution. The service also operates two regional printing centers and provides overseas missions with printing supplies and equipment.
 - (c) Motion Picture and Television Service produces and acquires motion picture and television programs which are then translated into as many as 40 foreign languages. It adapts these programs for specific country or area use, and supports the foreign production, use, and distribution of films and television programs.

(d) Information Center Service supports U.S.-operated libraries, reading rooms, and binational centers, providing them with collections of American publications, both in English and in translation, and with English language teaching materials. It assists American publishers in distributing selected products overseas and supports the publications of low-priced books for sale abroad. The service also provides exhibits and visual materials to overseas missions for local display, and provides books and periodicals for presentation to selected individuals and groups.

3. Program direction and other services.- This activity encompasses Agency managerial staff and centralized servicing functions. Included are the Office of the Director, the Office of Policy and Plans, research, physical and personnel security, legal counsel, and central administrative services.

Budget:

1977 BA \$264 Million

Represents a real term decrease of 18% since 1967. Slightly over 25% of budget funds go to VOA.

Personnel:

The total current employment of USIA is 8,600, of which 2,200 work for VOA. Overseas, the agency employs 1,000 Americans and 4,400 foreign nationals. The total employment figure represents a reduction from over 12,000 in 1967.

Department of State
Bureau of Cultural and Educational Affairs

Mission:

To increase mutual understanding between the people of the United States and the people of other countries by means of educational and cultural exchange; to strengthen our ties with other nations by demonstrating the educational and cultural interests, developments, and achievements of the people of the United States and other nations; to promote international cooperation for educational and cultural advancement; and thus to assist in the development of friendly, sympathetic, and peaceful relations between the United States and other countries.

Background:

CU is a bureau of the State Department headed by an Assistant Secretary (now Joseph Duffey). It carries on the cultural affairs function in Washington. Most of CU's field activities in the United States are carried on by private contractors, including over 150 non-profit organizations. CU also operates five reception centers for foreign visitors at major ports of entry into the United States. The overseas aspects of CU's programs are carried out by Cultural Affairs Officers, who are USIA employees reporting to the USIS Public Affairs Officers (CU reimburses USIA for the performance of this service).

Operations:

CU operations encompass the following major program elements:

1. Academic Exchange (better known as the Fulbright program). Students, teachers and researchers (American and foreign) receive grants to do academic work abroad for periods of up to a year. The program is supervised and the individual grantees are selected by the Board of Foreign Scholarships, comprised of distinguished members of the academic community. Overseas, the program is administered by USIA (except in 43 countries where administration is the responsibility of binational commissions composed of foreign nationals and resident Americans).
2. International Visitors. Three to six-week observation study visits to the United States are provided for distinguished foreign leaders and professionals, and groups of young professionals selected by U.S. embassies and consulates.
3. American Specialists. American experts are sent overseas for short periods to lecture and consult with their counterparts on specific topics.
4. Cultural Presentations. Performing artists are evaluated by advisory panels of experts for officially sponsored tours abroad, and U.S. embassies are informed about groups, touring under private auspices, which receive favorable evaluations.
5. Grants-in-Aid. Private organizations with international exchange programs receive State Department grants-in-aid for special projects directly supportive of U.S. exchange programs and objectives. In addition, CU provides assistance to private groups and individuals involved in exchange activities and assists foreign students in this country.
6. Reception Centers. CU operates reception centers for prominent foreign visitors to this country at Miami, New York, New Orleans, San Francisco and Honolulu. The centers, which employ a total of 20 people, give these visitors general assistance with travel plans, etc.

Budget:

1977 BA \$59 Million

Represents a real term decrease of 30% since 1967.

Personnel:

Total current employment is 275.

THE STANTON PANEL REPORT

The 1975 report of a panel headed by Dr. Frank Stanton made no recommendations for changing the content of the program but proposed to transfer to a new, independent agency the educational, cultural and "general" information functions, to place all "policy" information and policy advice in the Department of State, and to establish an independent VOA reporting to an oversight board.

State, USIA, OMB, the President's Reorganization Project, the General Accounting Office, and the U.S. Advisory Commission on Information have generally opposed the Stanton Panel's recommendations other than the proposal to consolidate cultural, educational and information programs. This opposition is primarily on the grounds that: (1) it is impossible to distinguish between "policy" and "general" information, especially when the latter touches on international economic, environmental, nuclear, oceanic and human rights matters which the Stanton Panel admitted could not be ignored by a "general" information and cultural agency; (2) fragmentation would result in inefficiency and poor coordination; and (3) the independence of the VOA's news operations can be protected without establishing it as an independent entity.

CONGRESSIONAL SITUATION

Congressman Fascell and his International Operations Subcommittee favor consolidation of CU and USIA, with VOA being retained within the new agency. Senator Percy has pressed hard for a structurally independent VOA, but he has been opposed successfully by Senators Humphrey, Church and Javits. Senator Pell has objected to transfer of the Fulbright program to USIA, as has former Senator Fulbright -- the latter quite strongly. Fulbright has contacted many of his former colleagues on this matter. In addition, Senator Inouye has objected strongly to including the East-West Center in a CU-USIA reorganization, although the work of that Center is an integral part of CU's activities. State and USIA suggest that prevailing congressional attitudes favor greater emphasis upon purposes directly related to policy (though there is also some feeling in the Congress that using the public diplomacy program for such purposes is left over from the Cold War).

The State authorization bill for fiscal 1978 requires submission of your reorganization recommendations in the public diplomacy area by October 31 of this year.

Analysis of Alternative Organizational Arrangements for a
Combined USIA/CU Agency in Relation to the President, NSC and the Secretary of State

Feature	AID	ACDA	USIA
<u>I. Organizational structure</u>			
Statutory authority vested in	President, largely delegated by E.O. to Secretary of State and sub-delegated to AID Administrator.	ACDA Director	USIA Director
Organizational placement	Agency "within" the State Department	Independent agency	Independent agency
Appointing authority for agency head	President (Sen. conf.)	President (Sen. conf.)	President (Sen. conf.), with advice of Secretary on appointment and tenure.
Relationship of agency head to President	AID Administrator is equivalent to Deputy Secretary of State. Relationship to President is through Secretary of State.	Direct to President (22 U.S.C. 2562 and 2573). Principal advisor on arms controls matters.	Direct to President, also advisor (Kennedy memo 1/25/63)
Relationship of agency head to Sec. of State	"continuous supervision and general direction by the Secretary" (22 U.S.C. 2382)	"under the direction of the Sec. of State" (22 U.S.C. 2561, 2574), also principal advisor on arms control	Sec. shall direct policy and control content of program on official U.S. positions and provide full guidance on foreign policy (Reorg. Plan No. 8 of 1953).
Relationship of agency head to NSC	Through Secretary of State	Principal advisor on arms control matters and submits arms control impact statements to NSC	No formal relationship
<u>II. Budget</u>			
1. Formulating and executing officer	Administrator	Director	Director
2. Relationship to Sec. of State	Secretary reviews/approves	None in practice	None in practice
3. Chapter in President's Budget	Funds Appropriated to President	Other Independent Agencies	Other Independent Agencies
4. Authorizing subcommittee chairmen	Humphrey, Harrington	Pell, Zablocki	McGovern, Fascell
5. Appropriation subcommittee chairmen	Long, Inouye	Slack, Hollings	Slack, Hollings

Feature	AID	ACDA	USIA
III. <u>Personnel System</u>	Administrator may utilize civil service authorities and Foreign Service authorities for FSR, FSS and foreign nationals.	Director utilizes civil service law and may receive delegation (never given) of Foreign Service authorities from the Secretary of State for FSR and FSS.	Director utilizes civil service authorities; Presidentially delegated authorities of Foreign Service Act for FSR, FSS, and foreign nationals; administers P.L. 90-494 establishing the Foreign Service Information Officer Corps.
IV. <u>Field Missions</u>	Provided for in statute (22 U.S.C. 2391) and under direction, coordination and supervision of ambassador (88 Stat. 1439).	Delegations to negotiating conferences	Under direction, coordination, and supervision of ambassadors (88 Stat. 1439)

THE WHITE HOUSE
August 26, 1977 WASHINGTON

TO: RICK HUTCHESON

FROM: Eleanor Connors

Hamilton previously received a copy of this report from Harrison Wellford. The issue that concerns Hamilton, and one that Harrison is aware of, is the Reception Centers. Hamilton feels strongly that they should be assigned to Evan Dobelle in Protocol. My understanding from Hamilton was that he was going to bring this up with the President, however, I have told him the report is here and is going into the President, and he has said he would like to be on record as saying it is his feeling that the Centers should be assigned to Protocol. He had no comment on the other aspects of the Reorganization report.

THE WHITE HOUSE
WASHINGTON

August 26, 1977

The Vice President
Stu Eizenstat
~~Hamilton Jordan~~
Frank Moore
Jack Watson
Zbig Brzezinski
Barry Jagoda

The attached is forwarded to you
for your information. If you wish to
comment, please call by the close of
business today.

Rick Hutcheson

RE: APPROACH TO CONGRESS CONCERNING THE
REORGANIZATION OF INTERNATIONAL
EXCHANGE AND INFORMATION PROGRAMS

THE WHITE HOUSE
WASHINGTON

<input type="checkbox"/>	FOR STAFFING
<input checked="" type="checkbox"/>	FOR INFORMATION
<input type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND

ACTION
FYI

call by COTB today if wish to comment

<input checked="" type="checkbox"/>	MONDALE
<input type="checkbox"/>	COSTANZA
<input checked="" type="checkbox"/>	EIZENSTAT
<input checked="" type="checkbox"/>	JORDAN
<input type="checkbox"/>	LIPSHUTZ
<input checked="" type="checkbox"/>	MOORE
<input type="checkbox"/>	POWELL
<input checked="" type="checkbox"/>	WATSON
<input type="checkbox"/>	LANCE
<input type="checkbox"/>	SCHULTZE

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER
Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day	

<input type="checkbox"/>	ARAGON
<input type="checkbox"/>	BOURNE
<input checked="" type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	CARP
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	FALLOWS
<input type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	HARDEN
<input type="checkbox"/>	HUTCHESON
<input checked="" type="checkbox"/>	JAGODA
<input type="checkbox"/>	KING

<input type="checkbox"/>	KRAFT
<input type="checkbox"/>	LINDER
<input type="checkbox"/>	MITCHELL
<input type="checkbox"/>	MOE
<input type="checkbox"/>	PETERSON
<input type="checkbox"/>	PETTIGREW
<input type="checkbox"/>	POSTON
<input type="checkbox"/>	PRESS
<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	VOORDE
<input type="checkbox"/>	WARREN

1:30 PM

C
1

THE WHITE HOUSE
WASHINGTON

August 26, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: Jack Watson *Jack*
SUBJECT: Meeting with Secretary Kreps
Monday, August 29, 1977
1:30 p.m. Oval Office

The purpose of this meeting is for Juanita to report to you some of the reactions she has received from various members of the business community regarding several important administration initiatives, including the tax reform package and the Panama Canal Treaties.

As you know, it has been some time since Juanita has met with you privately, and I think this ~~thirty~~ minute meeting with her will be very helpful for many reasons.

twenty

Electrostatic Copy Made
for Preservation Purposes

THE WHITE HOUSE

WASHINGTON

August 29, 1977

Stu Eizenstat
Jack Watson
Jim McIntyre

Re: Executive Branch Reports to
Congress

The attached package was returned in the President's outbox and is forwarded to you for information and appropriate action.

The signed original letters are being sent to Jim McIntyre for hand-delivery to the Committees.

Rick Hutcheson

cc: Frank Moore
Bob Linder

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
X	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

cc Fm - Info

ACTION
FYI

	MONDALE
	COSTANZA
X	EIZENSTAT
	JORDAN
	LIPSHUTZ
X	MOORE - send letters
	POWELL
X	WATSON
X	LANCE McEntyre
	SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

delivered
letters

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

8/27/77
THE PRESIDENT HAS SEEN.

THE WHITE HOUSE
WASHINGTON

August 24, 1977

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT
JACK WATSON
JAMES MCINTYRE

Stu

SUBJECT:

Executive Branch Reports to
Congress

At your request, we prepared for your signature letters to the chairmen of the House and Senate Government Operations Committees pledging your support and cooperation in the effort to reduce executive branch reporting requirements. The letters are attached. Once they are signed, Jim McIntyre will hand deliver them to the committees.

The 1974 Budget Act requires the General Accounting Office to monitor congressionally-mandated reporting requirements. Accordingly, GAO has developed an inventory of executive branch reports that is updated and published annually. The inventory includes information on each report's authority, frequency, and budgetary function, the congressional recipient of each report, and a brief description of the contents. Also recorded is the cost to the taxpayer of producing each report and the originating agency's evaluation of its usefulness.

ok
This Fall, in a congressional effort to reduce reporting requirements, the GAO will give each congressional committee a print-out of all reports that the committee receives and GAO's recommendations of reports that might be consolidated or eliminated. We suggest that our staffs and OMB meet with staffs of both Government Operations Committees and GAO to work out procedures for examining current reporting requirements, and to coordinate appropriate involvement and cooperation of the departments and agencies. You have already mentioned this project at a Cabinet meeting. To follow up, we would like to send each Cabinet secretary a list of his/her agency's required reports with a note urging his/her cooperation with the reduction effort.

After these actions have been taken we will continue to monitor the effort's progress and keep you advised.

Electrostatic Copy Made
for Preservation Purposes

Send letters to Chairmen of Government
Operations Committees

Yes ✓ No

Meet with committee staff

Yes ✓ No

Send notes to Cabinet Secretaries

Yes ✓ No

TWO SIGNATURES NEEDED

J

**Electrostatic Copy Made
for Preservation Purposes**

THE WHITE HOUSE
WASHINGTON

July 11, 1977

MEMORANDUM FOR:

FROM:

SUBJECT:

THE PRESIDENT

STU EIZENSTAT
JACK WATSON

Executive Branch Reports to Congress

*Stu -
Prepare a letter for
me to Congress - acknow-
ledging need for account-
ability but urging joint
assessment & elimination
of outdated or unnecessary
Stu reports -
J.C.*

As you requested, we are attaching a list of all reports that the Executive Branch is required by statute to send to Congress. (There is no need for you to read through the list.)

The list includes 1368 reports: 225 are made specifically by the President and EOP offices; 78 are originated by Cabinet-level departments and transmitted by the President; 39 are originated by heads of independent agencies and transmitted by the President; 650 are sent directly to Congress by Cabinet-level departments; 290 are from independent agencies reporting directly to Congress; 58 are from semi-independent boards; and 28 are from federally-chartered private corporations. Also, the head of each federal department and agency is required to send 19 separate annual reports to Congress.

*include
in
1/4*

In addition, approximately 500 recurring reports are prepared by the Executive Branch in response to informal Congressional inquiries. The General Accounting Office will provide us with an updated list of these non-statutory reports within the next few weeks.

Many of the reports are status reports of particular agencies or programs that must be sent to Congress every year; some are required only when certain situations arise, such as the introduction of U.S. troops abroad or the designation of a wild and scenic river; and some, such as the report on your decision on the Alaskan gas transportation system, are sent once.

We understand that GAO and Congress are interested in reducing the number of required reports and are planning to work with the agencies through congressional committees to streamline the process. They plan to begin work in the Fall.

Recommendation

We recommend that our staffs, along with OMB, assess the utility of these reports and prepare a memorandum for you with options for reductions.

..

We further recommend that you ask each Cabinet Secretary and agency head to follow your lead and seek to reduce the number of required reports. Each should be encouraged to cooperate fully with any similar congressional effort.

We think it should be recognized at the outset, though, that Congress uses the reports as a means of following closely the Executive Branch's activities, and there will be some reluctance to reducing significantly the information flow.

THE WHITE HOUSE

WASHINGTON

August 27, 1977

To Chairman Jack Brooks

Over the past few months I have become increasingly concerned about the large number of reports that the Executive Branch is required to send to Congress. At present, more than 1,350 separate reports are required by statute. Of these, 225 are prepared by the Executive Office of the President; 117 are originated by Executive Departments and agencies and transmitted by the President; 940 are sent directly to Congress by the departments and agencies; 58 are from semi-independent boards, and 28 are prepared by federally-charted private corporations.

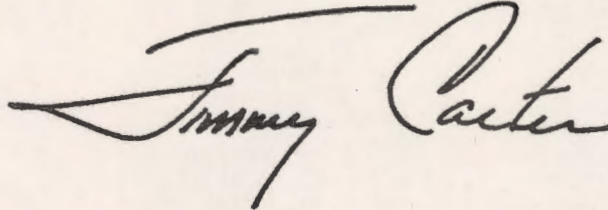
Beyond these requirements each department and agency head is required to send 19 separate annual reports to Congress. In addition, approximately 500 recurring reports are being prepared by the Executive Branch in response to informal Congressional inquiries.

Although I recognize the need for effective Executive Branch accountability to the Congress, I believe that much could be done to streamline the reporting process and eliminate any outdated, duplicative or unnecessary reporting requirements. I understand that this Fall the General Accounting Office and Congressional committees will begin to examine the usefulness of these reports with an eye toward reducing the requirements. I offer my full support in this effort.

Accordingly, I have instructed my Cabinet to cooperate fully and have directed OMB, together with Stu Eizenstat and

Jack Watson of my own staff, to work closely with you in a joint effort to streamline and improve the reporting process. Working together, I am sure that we can reduce unnecessary paperwork while at the same time improving oversight of the complex activities of government.

Sincerely,

A handwritten signature in dark ink, reading "Jimmy Carter". The signature is fluid and cursive, with a large, sweeping initial "J" and a distinct "Carter" at the end.

The Honorable Jack Brooks
Chairman
Government Operations Committee
U.S. House of Representatives
Washington, D.C. 20515

THE WHITE HOUSE

WASHINGTON

August 27, 1977

To Chairman Abraham Ribicoff

Over the past few months I have become increasingly concerned about the large number of reports that the Executive Branch is required to send to Congress. At present, more than 1,350 separate reports are required by statute. Of these, 225 are prepared by the Executive Office of the President; 117 are originated by Executive Departments and agencies and transmitted by the President; 940 are sent directly to Congress by the departments and agencies; 58 are from semi-independent boards, and 28 are prepared by federally-charted private corporations.

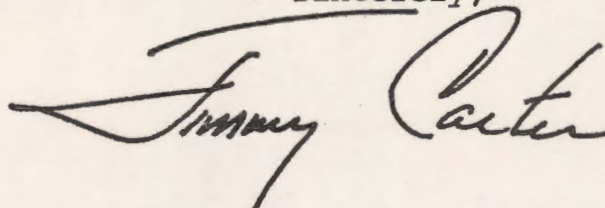
Beyond these requirements each department and agency head is required to send 19 separate annual reports to Congress. In addition, approximately 500 recurring reports are being prepared by the Executive Branch in response to informal Congressional inquiries.

Although I recognize the need for effective Executive Branch accountability to the Congress, I believe that much could be done to streamline the reporting process and eliminate any outdated, duplicative or unnecessary reporting requirements. I understand that this Fall the General Accounting Office and Congressional committees will begin to examine the usefulness of these reports with an eye toward reducing the requirements. I offer my full support in this effort.

Accordingly, I have instructed my Cabinet to cooperate fully and have directed OMB, together with Stu Eizenstat and

Jack Watson of my own staff, to work closely with you in a joint effort to streamline and improve the reporting process. Working together, I am sure that we can reduce unnecessary paperwork while at the same time improving oversight of the complex activities of government.

Sincerely,

A handwritten signature in dark ink, reading "Jimmy Carter". The signature is fluid and cursive, with a large, sweeping "J" and a distinct "Carter" at the end.

The Honorable Abraham A. Ribicoff
Chairman
Governmental Affairs Committee
United States Senate
Washington, D.C. 20510



**PRESIDENT'S
REORGANIZATION
PROJECT**

WASHINGTON, D.C. 20503

AUG 22 1977

MEMORANDUM FOR BERT CARP

FROM:

DIANE STEED *DS*

SUBJECT:

Executive Branch Reports to Congress

Before she went on vacation, Nancy Dorman sent me a copy of the proposed memo to the President on reducing the number of Executive Branch reports to Congress. She asked me to call you if I had any problems or suggestions.

Having read the memo, I have one suggestion. Rather than proposing to work with each individual committee on the Hill, I would suggest that we plan to meet with staff from both Government Operations/Affairs Committees and GAO. This kind of project dealing with the working relationships between the two branches of government clearly falls within the jurisdiction of the Government Operations Committees. Some of their individual members (and their staffs) are particularly interested in paperwork reduction efforts be they internal to government or external requirements on the private sector. Frank Horton is a good example, in view of his role as Chairman of the Paperwork Commission. I think it would be a mistake for us to bypass these two committees and that we might have better results working with and through them than with individual committees. One other minor comment: the letter to Senator Ribicoff should be addressed to the Chairman, Governmental Affairs Committee.

Finally, when I sent copies of the draft letter to Nancy, we also sent them to Jim McIntyre who asked the status of these efforts. He has indicated that once the letter is signed by the President, he would like to personally hand carry it to the committees and talk with them about the project.

I have marked up Nancy's memo (attached) to reflect the above comments. Please give me a call if you have any questions. In Harrison's absence, I discussed this effort with Wayne Granquist. He agrees with the attached mark-up.

Attachment.

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT
JACK WATSON

SUBJECT:

EXECUTIVE BRANCH REPORTS TO CONGRESS

At your request, we prepared for your signature letters to the chairmen of the House and Senate Government Operations Committees pledging your support and cooperation in the effort to reduce executive branch reporting requirements. The letters are attached. *Once they are signed, Jim McIntyre will hand deliver them to the committees.*

The 1974 Budget Act requires the General Accounting Office to monitor congressionally-mandated reporting requirements. Accordingly, GAO has developed an inventory of executive branch reports that is updated and published annually. The inventory includes information on each report's authority, frequency, and budgetary function, the congressional recipient of each report, and a brief description of the contents. Also recorded is the cost to the taxpayer of producing each report and the originating agency's evaluation of its usefulness.

This Fall, in a congressional effort to reduce reporting requirements, the GAO will give each congressional committee a print-out of all reports that the committee receives and GAO's recommendations of reports that might be consolidated or eliminated. We suggest that our staffs and OMB ~~meet~~ *meet with* ~~individually with the staffs of each committee~~ *Gov. Ops. and GAO* to work out procedures for examining current reporting requirements, and to coordinate appropriate involvement and cooperation of the departments and agencies. You have already mentioned this project at a Cabinet meeting. To follow up, we would like to send each Cabinet secretary a list of his/her agency's required reports with a note urging his/her cooperation with the reduction effort.

After these actions have been taken we will continue to monitor the effort's progress and keep you advised.

Send letters to Chairmen of Government Operations Committees.

Yes _____ No _____

Meet with committee staffs.

Yes _____ No _____

Send notes to Cabinet Secretaries.

Yes _____ No _____

1562

THE WHITE HOUSE
WASHINGTON

8/16

Diane:

We've changed your letter a little bit and written a memo to the President explaining the memo and the actions we want to take on the executive branch reporting requirements.

The memo will probably go in next week when Stu returns from vacation. Bert Carp will hold it until then. Please call Bert if you have any problems with the memo or the letter.

I'll be on vacation until September 6 and will call you when I return to work out procedures.

Thanks for your help.

Nancy Dorman

Date: August 26, 1977

MEMORANDUM

FOR ACTION:
 Fran Voorde
Tim Kraft

FOR INFORMATION:

~~CONFIDENTIAL~~

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Brzezinski memo dated 8/26/77 re Recommended UNGA Schedule

*To:*YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 11:00 A.M.

DAY: ~~Friday~~ *Monday*

DATE: August 29, 1977

ACTION REQUESTED:

☒ Your comments

Other: I strongly recommend against acceptance of the proposed schedule, for two general reasons:

(1) within the internal schedule itself, events are too jammed up, without sufficient intervals for briefing and preparation, let

STAFF RESPONSE:

☐ I concur.☐ No comment.*Please note other comments below:*

alone phone calls and any attention to domestic problems. This visit takes place in Congress' last week in session ---- we can't isolate the President from their deliberations for two days, which, in effect, the proposed schedule does.

(2) I think it is unwise to spend two days in New York, without devoting a half-day, out of this two-day period, to an event in the city itself. This will be the third trip to New York this year to participate in a closed non-city type of event (DNC fundraiser, UN address previously)...and we've been criticized for not touring the south Bronx, or going to inspect blackout damage. To go back a third time as described above is going to generate criticism across the country about insensitivity about inner-city problems.

TK *TK*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

THE SECRETARY OF STATE
WASHINGTON

nsc 5463

August 19, 1977

~~CONFIDENTIAL~~

MEMORANDUM FOR: THE PRESIDENT

From: Cyrus Vance **CV**Subject: Recommendation for your schedule
in New York during the 32nd UNGA -
October 4-5.

Attached is our recommendation for your schedule in New York on October 4 and 5. We will provide you with detailed suggestions for bilateral meetings at a later date, once we have a complete list of General Assembly attendees. We plan on your seeing a fairly representative sample of world leaders, although a slight preponderance of meetings with Europeans will be inevitable because of the need to talk to the British, French and Germans.

In addition to bilateral and protocol calls, we have suggested working meals and receptions with groups of Foreign Ministers and Heads of Delegations from each of the regional groups. Thus the dinner with the Europeans will be balanced by three social events with the Latin American, African and Asian groups. These will give you a chance to talk to as many key figures as possible from the Third World.

The proposed working reception for Asian Ambassadors would mean invitations to representatives of three countries with which we do not have diplomatic relations-- Cambodia, Mongolia and Vietnam. This would give you a chance to meet and chat with the Mongolians and Vietnamese representatives. The Cambodians certainly would not attend.

Attachment:

Suggested Schedule.

~~CONFIDENTIAL~~
GDS

DECLASSIFIED
Per: Rac Project
ESDN: NLC-126-9-7-1-4
BY 15 NARA DATE 2/13/13

~~CONFIDENTIAL~~

SUGGESTED SCHEDULE

October 4

- 8:45 a.m. - Arrival in New York
- 9:15 - 9:35 a.m. - Call on Secretary General Waldheim
- 9:50 - 10:00 a.m. - Call on General Assembly President
(Deputy Foreign Minister Mojsov of
Yugoslavia)
- 10:00 - 10:45 a.m. - Speech to General Assembly
- 12:00 - 12:30 p.m. - Meet with US Delegation to UNGA
- 1:15 - 2:45 p.m. - Working lunch with Latin American/
Caribbean Foreign Ministers and
Heads of Delegation
- 3:00 - 3:30 p.m. - Meeting with Shirley Amerasinghe
of Ceylon, President of the UN
Conference on Law of the Sea
Sri Lanka
- 3:45 - 6:30 p.m. - Bilateral meetings with Chiefs of
State, Heads of Government and
Key Foreign Ministers
- 6:30 - 6:45 p.m. - Meeting with US officials of the
UN Secretariat
- 8:00 p.m. - Dinner given by Andy Young for
Western and Eastern European
Foreign Ministers and Heads of
Delegation

~~CONFIDENTIAL~~

GDS

~~CONFIDENTIAL~~

-2-

October 5

- 7:30 - 8:30 a.m. - Working Breakfast with Heads of
UN Specialized Agencies
- 8:45 - 10:15 a.m. - Bilateral Meetings
- 10:30 a.m. - Signing of Human Rights Covenants
- 11:00 - 12:45 p.m. - Bilateral Meetings
- 1:15 - 2:30 p.m. - Working Lunch with African Foreign
Ministers and Heads of Delegation
- 2:45 - 5:45 p.m. - Bilateral Meetings
- 6:30 p.m. - Working Reception for Asian Foreign
Ministers and Heads of Delegation
- 8:00 p.m. - Departure for Washington

~~CONFIDENTIAL~~

THE WHITE HOUSE
WASHINGTON

Conf

X	FOR STAFFING
X	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
		WATSON
		LANCE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	KING

X	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
X	VOORDE
	WARREN

THE WHITE HOUSE

WASHINGTON

Date: August 26, 1977

MEMORANDUM

FOR ACTION:

Fran Voorde
Tim Kraft - *have*

FOR INFORMATION:

~~CONFIDENTIAL~~

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Brzezinski memo dated 8/26/77 re Recommended UNGA Schedul.

*Held for further
comments from
Voorde + Kraft
R.H.
8-26*

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 11:00 A.M.

DAY: Monday

DATE: August 29, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

DECLASSIFIED
DEPARTMENT OF STATE GUIDELINES, JULY 21, 1997
BY 2 NARA, DATE 2/13/13

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

THE SECRETARY OF STATE
WASHINGTON

nsc 5463

August 19, 1977

~~CONFIDENTIAL~~

MEMORANDUM FOR: THE PRESIDENT

From: Cyrus Vance *CV*Subject: Recommendation for your schedule
in New York during the 32nd UNGA -
October 4-5.

Attached is our recommendation for your schedule in New York on October 4 and 5. We will provide you with detailed suggestions for bilateral meetings at a later date, once we have a complete list of General Assembly attendees. We plan on your seeing a fairly representative sample of world leaders, although a slight preponderance of meetings with Europeans will be inevitable because of the need to talk to the British, French and Germans.

In addition to bilateral and protocol calls, we have suggested working meals and receptions with groups of Foreign Ministers and Heads of Delegations from each of the regional groups. Thus the dinner with the Europeans will be balanced by three social events with the Latin American, African and Asian groups. These will give you a chance to talk to as many key figures as possible from the Third World.

The proposed working reception for Asian Ambassadors would mean invitations to representatives of three countries with which we do not have diplomatic relations-- Cambodia, Mongolia and Vietnam. This would give you a chance to meet and chat with the Mongolians and Vietnamese representatives. The Cambodians certainly would not attend.

Attachment:

Suggested Schedule.

~~CONFIDENTIAL~~
GDS

DECLASSIFIED
Per, Rac Project
ESDN: NLC-126-4-7-3-2
BY *LS* NARA, DATE *2/13/13*

~~CONFIDENTIAL~~

SUGGESTED SCHEDULE

October 4

- 8:45 a.m. - Arrival in New York
- 9:15 - 9:35 a.m. - Call on Secretary General Waldheim
- 9:50 - 10:00 a.m. - Call on General Assembly President
(Deputy Foreign Minister Mojsov of
Yugoslavia)
- 10:00 - 10:45 a.m. - Speech to General Assembly
- 12:00 - 12:30 p.m. - Meet with US Delegation to UNGA
- 1:15 - 2:45 p.m. - Working lunch with Latin American/
Caribbean Foreign Ministers and
Heads of Delegation
- 3:00 - 3:30 p.m. - Meeting with Shirley Amerasinghe
of Ceylon, President of the UN
Conference on Law of the Sea
Sri Lanka
- 3:45 - 6:30 p.m. - Bilateral meetings with Chiefs of
State, Heads of Government and
Key Foreign Ministers
- 6:30 - 6:45 p.m. - Meeting with US officials of the
UN Secretariat
- 8:00 p.m. - Dinner given by Andy Young for
Western and Eastern European
Foreign Ministers and Heads of
Delegation

~~CONFIDENTIAL~~

GDS

~~CONFIDENTIAL~~

~~-2-~~

October 5

- 7:30 - 8:30 a.m. - Working Breakfast with Heads of
UN Specialized Agencies
- 8:45 - 10:15 a.m. - Bilateral Meetings
- 10:30 a.m. - Signing of Human Rights Covenants
- 11:00 - 12:45 p.m. - Bilateral Meetings
- 1:15 - 2:30 p.m. - Working Lunch with African Foreign
Ministers and Heads of Delegation
- 2:45 - 5:45 p.m. - Bilateral Meetings
- 6:30 p.m. - Working Reception for Asian Foreign
Ministers and Heads of Delegation
- 8:00 p.m. - Departure for Washington

~~CONFIDENTIAL~~

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE
WASHINGTON

MEMORANDUM TO: THE PRESIDENT

FROM:

Jack Watson *Jack*
Jane Frank

August 26, 1977

RE:

Proposed Agenda - Cabinet Meeting
August 29, 1977

1. Briefing by Ambassadors Bunker and Linowitz on the Panama Canal (20 minutes).
2. Comments by Cy Vance on his recent trips to the Middle East and China.
3. Mention briefly the "President's Management Intern Program" and ask for the Cabinet's help in making it work. (Alan Campbell said that such a statement from you would be very helpful.)
4. Comment briefly on your reaction to the Chicago Tribune article on the Cabinet's performance.
5. Reports from Cabinet members.

CC: The Vice President

Electrostatic Copy Made
for Preservation Purposes

THE WHITE HOUSE
WASHINGTON

8/29/77

- > Panama briefing Cabinet mtg
- > Management interns
- One house votes J
- > John Connally
- Legislation list
- > Arab League
- AWACS
- > Reorg priorities

Electrostatic Copy Made
for Preservation Purposes

Path → 2 Sec

THE WHITE HOUSE
WASHINGTON

- a) Neon had sovereignty
- b) Not same as Alaska, etc
- c) No threats
- d) Panama excellent record
out on treaty
Abrogation by one party -
Non binding on other

—
PRC trip
Civil Lts Comm
Set aside

—
Sebastown flood
Energy filibuster
Great team negotiations

THE PRESIDENT HAS SEEN

**Electrostatic Copy Made
for Preservation Purposes**

THE WHITE HOUSE
WASHINGTON

9

MINUTES OF THE CABINET MEETING

Monday, August 29, 1977

The twenty-fifth meeting of the Cabinet was called to order by the President at 9:05 a.m., Monday, August 29, 1977. All Cabinet members were present except Secretary Bergland, who was represented by Deputy Secretary of Agriculture John White; Secretary Califano, represented by Under Secretary of HEW Hale Champion; and Ambassador Young, represented by his Executive Assistant Anne Forrester Holloway. Other persons present were:

Zbigniew Brzezinski
Landon Butler
Alan Campbell
Doug Costle
Stu Eizenstat
Jane Frank
Rex Granum
Tim Kraft
Bob Lipshutz

Bunny Mitchell
Dick Moe
Frank Moore
Frank Press
Charles Schultze
Jay Solomon
Stansfield Turner
Charles Warren
Jack Watson

The President said that, after fourteen years, treaty negotiations on the Panama Canal have been successfully concluded, and that he has just received the final texts of the treaties. He commended Ambassadors Ellsworth Bunker and Sol Linowitz for a superb job and said that the treaties are very beneficial to the United States. The treaties will be signed on September 7th at the Organization of American States headquarters in Washington; 15 Latin American leaders have already agreed to attend and more are expected to be present. The President said that he will have bilateral discussions with all of the Heads of State attending the signing. He asked Cabinet members for suggestions as to appropriate topics that might be included in the discussions.

The President introduced Ambassadors Bunker and Linowitz and asked them to comment on the treaties:

-- Ambassador Bunker said that there are two treaties; a basic treaty which expires December 31, 1999, which gives the United States primary responsibility for operation and defense of the Canal during that time; and a second treaty which guarantees the permanent neutrality of the Canal. Some of the major provisions of the first treaty are:

- That, with the participation of Panama, the United States can use and share all land and water necessary to operate and defend the Canal;
- That the Canal will be operated by a board of nine members--five from the U.S. and four from Panama;
- That the U.S. will administer the Canal operations until 1990 and Panama will do so from 1990 to 1999;
- That no United States bases will be maintained in the area beyond the year 2000;
- That United States employees in the Canal Zone will have rights similar to U.S. employees around the world, as well as the right of early retirement; and
- That United States institutions and organizations will continue to function as they presently do during the term of the treaty and thereafter as other businesses do in Panama.

-- Ambassador Linowitz said that the second treaty regarding permanent neutrality gives the United States authority to assure that the Canal will remain open, accessible, secure and efficient.

-- Mr. Linowitz said that a third set of issues involves economic arrangements. The Canal Commission agrees to pay 30¢ per Panama Canal ton transiting the Canal, plus a fixed sum of \$10 million per year for operation of the Canal and up to an additional \$10 million per year if revenues permit. Arrangements have also been agreed to concerning economic progress--up to \$300 million in loans and guarantees from the Export/Import Bank and similar institutions, and as much as \$50 million in foreign military sales credits over a period of ten years.

-- Mr. Linowitz said that there are three additional important points to be made about the treaties:

1. The issue of the Panama Canal does not simply involve the U.S. and Panama; it is an issue which affects the U.S. and all of Latin America. If a confrontation should occur, it would involve the U.S. against all of Latin America. On the other hand, if the issue is handled fairly, it will set an example for all of the third world;
2. Our objective is to assure that the Canal remains open and accessible. The greatest danger to this objective is to continue with an outmoded treaty that is totally unacceptable to Panama;
3. The surest way to achieve that objective is to ratify a treaty which reflects both Panamanian aspirations and U.S. interests.

-- The President noted that following the year 2000, United States warships will still have the right of expeditious passage through the Canal. He added that efforts are underway to inform Congress thoroughly about the issues, and that meetings with appropriate groups are being held throughout the country. Former Secretary of State Henry Kissinger and President Ford were thoroughly briefed and have endorsed the treaties. The President specifically asked for the Cabinet's help in securing ratification of the treaties.

-- In answer to a question from the Vice President, Mr. Bunker said that a sea-level canal is being studied jointly with the Panamanians. Under the treaty, the United States has the right to construct such a canal during the term of the treaty with Panamanian consent, and agrees that it will not construct such a sea-level canal in any other country.

-- Mr. Strauss raised four concerns often expressed by people he talks to, and asked for Mr. Linowitz's comments on each one:

1. Concern: We are giving away something that we own.

Response: The U.S. has never had sovereignty over the Canal Zone. The original treaty

granted us the "right, power and authority as if (we) were the sovereign." After it was signed, President Taft said that the treaty "seems" to preserve Panamanian sovereignty. There are similar references in subsequent administrations. A 1907 Supreme Court decision, Wilson V. Shaw, did refer to U.S. sovereignty, but a subsequent decision indicated that the U.S. has never been the sovereign.

2. Concern: Why cave in to the threats of a dictator?

Response: We have never been threatened in fourteen years of negotiations. We enter the new treaties because they serve the highest and best interest of the U.S.

3. Concern: Even if the first treaty were unfair to the Panamanians, giving the Canal back to Panama is comparable to giving Alaska back to the Russians.

Response: We purchased Alaska and got the full and complete "rights and appurtenances" to that land. In contrast, we did not take sovereign title to the Panama Canal, and we have been making annual payments for our rights of usage ever since the Canal was built.

4. Concern: What happens if General Torrijos is overthrown and the next leader of Panama repudiates the treaties?

Response: Panama has an excellent record of abiding by the Canal treaty. In any event, the U.S. does not turn over complete control of the Canal for twenty-three years, and if the treaty is abrogated by one party, it will not be binding on the other. Thus, it is clearly in Panama's interest to adhere to the treaties.

-- The Attorney General asked why we would have no U.S. base in Panama after the year 2000. Mr. Linowitz responded that DOD and General George Brown say that such a base is not necessary and might even be counter-productive.

-- The President suggested that Cabinet members read The Path Between Two Seas by David McCulloch--an excellent history of the circumstances and events surrounding negotiations of the first Canal treaty.

-- Mr. Andrus said that the briefing materials on the treaties recently circulated by the Cabinet Secretary are excellent and should also be distributed to the press.

-- The President noted that at the request of several Senators, the White House has invited key delegations from some states to be briefed on the treaties by the Secretary of Defense, Ambassadors Bunker and Linowitz, General George Brown and key White House staff. Last Tuesday, delegations from Mississippi and Kentucky were at the White House for a briefing, and delegations from Florida and Georgia will be here tomorrow. A briefing is planned for Thursday for groups from West Virginia and Arkansas.

-- The President said that a vote on the treaties will not be later than February of next year but could come earlier if it appears that we have the necessary votes.

-- The President reiterated his commendation and thanks to Ambassadors Bunker and Linowitz for their excellent work.

The President asked for comments from Cabinet members, beginning with the Secretary of State:

1. Mr. Vance said that he arrived in China at the close of the eleventh Party Congress and found the country considerably different from two years ago. The clothing worn by the general public is brighter, and there is a feeling of confidence and self-reliance on the part of the leaders. He said that we are fortunate to have this group of leaders at this point in our history. Discussions concerned such things as the domestic situation in the U.S.; the importance of our alliance relations; regional issues; arms proliferation; and human rights. When Japan was mentioned, the Chinese agreed that that country should be the pillar of our Asian policy. Mr. Vance noted gaps in the knowledge of Chinese leaders concerning world events and the role the U.S. is playing worldwide. Mr. Vance said that the Chinese remain concerned about the Soviet Union. He said that a full and frank discussion was held on normalization of relations, and that a good beginning was made.

-- The President complimented Mr. Vance and said that he had carried out his mission completely.

-- Mr. Blumenthal asked whether press reports that the new leadership in China is focusing more on economic development than on ideology were true. Mr. Vance said that it is true, and that the new attitude opens up substantial new possibilities for trade with China. He noted that a Chinese trade mission will be visiting the United States soon.

2. Mr. Andrus thanked Civil Service Commissioner Alan Campbell for dealing effectively with several problems which have frustrated him and other Cabinet members.

-- The President commented that he has just signed an Executive Order establishing a Presidential Management Intern Program. He briefly explained that program and asked for the cooperation of Cabinet members in making the program work. Mr. Campbell and the Civil Service Commission will oversee the program.

3. Mr. Champion reported that HEW is continuing its efforts to keep the Social Security financing legislation separate from HR 7200.

4. Mr. Schultze briefly outlined some statistics concerning economic relations between the U.S. and Latin America, all of which underscore the importance of the Panama Canal treaties. United States' assets in Latin America in 1975 were \$68 billion, of which \$22 billion was direct investment. That money earns approximately \$5 billion per year, and the return increases each year. Approximately \$17 billion of goods are directly exported from the U.S. to Latin America each year, with an additional \$4 billion in non-tangible exports. Imports from Latin America approximate the same monetary value. Most of the imports are raw materials (e.g., 25% of our steel-making ingredients; 41% of our lead; 17% of our tin; 21% of our copper; and 27% of our non-ferrous metals).

-- Mr. Strauss noted that many corporate executives will lend their support to the Panama Canal treaties if only they are asked. He urged Cabinet members to make such calls as much as possible.

-- The President said that he intends to hold a fire-side chat on the Canal treaties shortly after the signing on September 7th. He anticipates full-scale media coverage of the signing ceremony.

5. Dr. Brzezinski reported that the NSC is conducting meetings with Soviet Ambassador Dobrynin on SALT.

-- Meetings were held during the past few weeks on Africa; the escalating conflict between Somalia and Ethiopia; and the question of South Africa's nuclear capability.

-- Preparations are underway for the forthcoming Conference on Security and Cooperation in Europe in Belgrade, and NSC has recommended that the U.S. show "visible leadership" at the meeting.

-- NSC is developing a national telecommunications policy.

-- The President commented that Cabinet members with special interest in particular NSC memoranda should contact Dr. Brzezinski and ask to be informed.

6. Mr. Marshall described the Department of Labor's efforts to monitor the wildcat coal strikes in West Virginia. He said that negotiations are likely to begin Tuesday on the basic contract, and that it may be possible to avoid a coal strike in December. He thanked the FBI and the Justice Department for their help in enforcing order during the recent strikes. Fortunately, although there were some shootings, no one was killed.

-- The Labor Department has concluded its investigation of possible abuse of CETA funds in Chicago. Certain abuses have been identified; the state has taken over administration of the program; and the city is being ordered to reimburse misspent funds.

-- Mr. Marshall said that it will be important to show that employment discrimination will be minimized under the new Panama Canal treaties.

-- Ms. Harris noted that at a recent lunch with George Meany and Lane Kirkland, they expressed their support of the Canal treaties.

7. The President said that he talked recently by telephone with Dr. DeBakey who reported that FBI Director-Designate Frank Johnson will be fully recovered from his abdominal surgery within six weeks.

-- The Attorney General said that Judge Johnson's hearings will be delayed until October because of his surgery.

-- The Attorney General also said that he is working on passing priority legislation. He will meet with House Judiciary Chairman Rodino this week at Mr. Rodino's request to review the Justice Department's entire legislative agenda.

-- Mr. Bell said that the Justice Department has not yet taken a final position in the Bakke (reverse discrimination in medical school admissions) case. The Solicitor General

has drafted a brief which is being circulated to appropriate parties for comment. If the Attorney General approves the brief, he will personally sign it -- a gesture that carries considerable significance with the Supreme Court.

8. The Vice President said that some Republican Congressmen are still announcing grants and awards that should be announced by Democratic Members of Congress; he asked Cabinet members to take steps to prevent this from occurring.

9. Mr. Blumenthal said that numerous comments have been received from interested departments on Treasury's tax reform proposals. The next step will be another meeting with the President.

-- For the first time, the Treasury Department is enforcing equal employment requirements in the banking area. A show cause order has been brought against the Harris Bank & Trust Company in Chicago for alleged discriminatory employment practices.

-- In late September approximately one hundred Heads of State will come to Washington for the International Monetary Fund Meeting where the President is scheduled to speak.

-- The President said that the Civil Rights Commission has identified 3,000 instances of discrimination against women and minorities in the various departments. He has recently sent a memorandum to the Cabinet and signed an Executive Order on this subject.

10. Mr. White said that the Department of Agriculture will announce this afternoon the Administration's decision on domestic wheat production.

-- On September 7th, Mr. White will represent the U.S. at a meeting with fifteen ministers of Agriculture in Honduras. Such meetings have not been successful in the past, but, with the Canal treaties in the background, the atmosphere for the coming meeting could be conducive to the development of some significant inter-American policies.

-- Later this week, Mr. White will join Mr. Strauss and Mr. Lance in representing the President at the Southern Governors' Conference which begins in San Antonio today.

11. Ms. Harris said that outlays for the Community Development Block Grant Program are at the highest level ever and will lead to more employment.

-- She said that approximately 3,000 minor repairs have been undertaken in the aftermath of the Johnstown, Pennsylvania flood--the largest number of such repairs ever undertaken.

-- Ms. Harris said that she had already alerted HUD regional administrators to the problem regarding grant announcements mentioned earlier by the Vice President.

12. Dr. Schlesinger said that the Department of Energy will start operations on October 1. He needs the continued help of DOD and GSA concerning clearance of space in the Forrestal Building.

-- He said that there are some obstacles to Senate passage of the national energy policy, but that the Administration will have additional leverage because the House bill is so strong.

-- Dr. Schlesinger noted that several leading industry groups will sign a full-page "Energy" ad in major newspapers and periodicals later this week. The ad was put together by AT&T Chairman John DeButts, and Exxon, among others, is signing it.

-- He said that negotiations with Canada on the Alaska gas pipeline route are proceeding well. Options will be presented to the President soon.

13. Mr. Strauss said that he had nothing to report.

14. Mr. Lance said that he had nothing to report.

15. Mr. Adams said that DOT is working on its ZBB review for its FY 79 budget.

16. Ms. Kreps said that Richard Frank, Administrator of the National Oceanic and Atmospheric Administration, has produced an excellent reorganization plan for that agency--the largest agency in the Commerce Department. She asked those who are interested to look at the proposal which will be sent around in chart form. Commerce worked closely with OMB in developing the plan, which does not prejudice the ongoing oceans policy study or exceed existing employee ceilings.

17. The President said that he has asked Mr. Lance to prepare a memorandum for the Cabinet outlining the Administration's overall reorganization strategy and priorities for

development of the specific plans. The memorandum will be submitted to the President first and then forwarded to the Cabinet for review and comment.

18. Dr. Brown said that Defense is working on its legislative agenda.

-- Defense is reviewing the status of 700 MIA's, all of whom are presumed lost. The public reaction to the effort has not been as unfavorable as feared.

-- Dr. Brown noted that the Joint Chiefs of Staff met recently to discuss the Panama Canal treaties with 300-400 retired three- and four-star generals. General George Brown reported to him that a majority who attended feel that we have no choice but to ratify the treaties, and that to do so is in the overall best interests of the U.S. Dr. Brown said that this does not mean that they are happy with the treaty, but rather that they recognize we simply cannot maintain the status quo. Most of the officers briefed can be expected to support the treaty. He noted that General Brown will also meet this week with the living ex-members of the Joint Chiefs.

19. The President noted with concern the increase in one-House veto clauses in pending legislation. He will meet separately with House and Senate leadership for the remainder of this session of Congress and will raise the issue with them. He is prepared to veto legislation with this unconstitutional clause in it.

-- The Attorney General said that at the President's request he had talked to Majority Leader Byrd and Speaker O'Neill about the one-House veto provisions. The Speaker asked for the written policy of the Justice Department on the subject, and Senator Byrd said that he would be happy to discuss the issue with the President. Mr. Bell said that he would also circulate Justice's memorandum on the subject to the Cabinet.

-- In response to a question from Mr. Adams, Mr. Bell said that the policy also covers two-House vetos which are not subject to Presidential signature. The technique used-- for example in the pending waterway user charge legislation-- is to pass a concurrent resolution which, unlike a joint resolution, does not require Presidential signature. The Administration has opposed this technique in the waterway legislation.

-- The President noted that, in some instances, the two-House veto is appropriate--for example, with respect to arms sales. Mr. Strauss said that if the President can draw the line between appropriate and inappropriate items, he can probably sell his policy successfully on this issue.

20. The President said that, at his request, Messrs. Moore and Eizenstat have prepared a list of legislative priorities for the remainder of the Congressional session. He read the list and asked Cabinet members with other items to communicate such additions directly to Mr. Moore.

-- He said that the Congressional recess has been productive for him as a time for rest and reflection; he noted that the next Cabinet meeting will be on Tuesday morning, September 6th.

-- The President described his considerable irritation at an "inaccurate and utterly baseless" article on the Cabinet's performance in a recent edition of the Chicago Tribune. He reiterated his confidence in the Cabinet, and said that if he ever had the slightest concern about the performance of a Cabinet member, he would talk to him or her directly.

-- The President said that, with the possible exception of the vote on the Panama Canal treaties, the Congress is likely to adjourn by October 23.

The meeting was adjourned by the President at 10:54 a.m.

Respectfully submitted,


Jack H. Watson, Jr.

THE WHITE HOUSE
WASHINGTON
August 29, 1977

Stu Eizenstat
Hamilton Jordan

The attached was returned in
the President's outbox. It is
forwarded to you for your
information.

Rick Hutcheson

cc: Jim Gammill

RE: OPIC

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
X	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION
FYI

copy first 3 pages only

	MONDALE
	COSTANZA
X	EIZENSTAT
X	JORDAN
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
	LANCE
	SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

Comments due to
Carp/Huron within
48 hours; due to
Staff Secretary
next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
X	KING <i>Gannett</i>

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

August 26, 1977

Stu & Ham
I do not intend
to approve extension of
OPIC unless assured
absolutely that it will
fulfill its original
purpose -

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT
BOB GINSBURG

Stu

J.C.

SUBJECT:

Overseas Private Investment Corporation
(Prepared at your request)

Background and Programs

The Overseas Private Investment Corporation (OPIC) is a self-sustaining U.S. Government corporation organized in 1971 for the purpose of facilitating U.S. private investment in friendly LDCs. OPIC promotes this objective through programs which:

- (1) selectively insure private U.S. investments against the risks of expropriation, inconvertibility of currency, and loss due to war, revolution, or insurrection; and
- (2) provide limited financing to projects where adequate private financing is not available.

OPIC charges premiums for its insurance coverage and interest on its financial aid which are adequate to finance its operations. Insurance is provided only where the U.S. has a good working relationship with the host country and wants to encourage U.S. private investment. Financial assistance is made available only for desirable development projects for which private financing is either not available or too costly.

Over the past three years, OPIC has assisted 425 investment projects, amounting to about \$4.6 billion in private investment, in 55 LDCs. OPIC provided about \$1 billion in investment insurance, \$45 million in guaranties of private bank lending to investment projects, and \$20 million in direct loans.

**Electrostatic Copy Made
for Preservation Purposes**

The Need Fulfilled by OPIC

OPIC is complementary to our foreign aid program in that it encourages the U.S. business community to make foreign investments which will be consistent with the objectives of U.S. development policy. Government-to-government aid cannot begin to provide all the capital and technology which the LDCs require for their economic development. Most LDCs want to attract foreign private investment because that is usually an efficient way of acquiring needed technology, capital, management skills, and on-the-job training.

Private investment, however, tends to move to the more certain and sometimes higher returns provided by the stable political and economic environments of the developed countries. In addition, U.S. corporations are virtually unable to obtain political risk insurance over any extended time period from private insurance carriers. OPIC insurance and financial assistance tend to offset some of the political and economic risks associated with investment in LDCs, thereby making possible development projects which would not otherwise be undertaken.

OPIC is, therefore, consonant both with our foreign development objectives and our traditional reliance on private sector investment to spur economic growth.

Budgetary Cost

OPIC is without cost to the taxpayer. Its operating expenses, as well as funds to augment its insurance reserves, come from its own business income: insurance premiums, interest payments, and reinvestment of earnings. OPIC operates with a staff of 130, without overseas missions.

Legislative Status

OPIC's statutory authority to issue new insurance and investment guaranties expires on December 31. On the recommendations of the EPG and its own Board of Directors (comprised of U.S. Government and private sector representatives): (a) OPIC currently is seeking a Congressional extension to the end of FY 1981; and (b) as a matter of policy, intends to sharpen its focus on the least developed of the LDCs and expand its assistance to U.S. investment in scarce minerals and in energy resources in non-OPEC countries. OPIC will continue to charge self-sustaining fees for its services.

Legislation to extend OPIC appears to be assured of favorable action in both the Senate Foreign Relations Committee and House International Relations Committee.

Electrostatic Copy Made
for Preservation Purposes

THE WHITE HOUSE
WASHINGTON

August 4, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: HAMILTON JORDAN *HJ*
SUBJECT: OVERSEAS PRIVATE INVESTMENT CORPORATION

OPIC was originally created to encourage small businesses from this country to invest in the developing nations abroad, and to insure those investments against loss by expropriation, inconvertibility of currency, and by war, revolution, and insurrection. *not done*

Despite Congressional directives passed in 1974 to return the primary emphasis of OPIC to smaller businesses, the GAO documented in a report last Friday, July 29, that OPIC still serves a few, very large, corporations. Twenty-nine percent of all OPIC insurance written last year went to three companies -- Dow Chemical, W.R. Grace and J.P. Morgan. Almost two-thirds of all OPIC insurance has been concentrated in seven countries -- Brazil, the Philippines, South Korea, Indonesia, Taiwan, the Dominican Republic, and Yugoslavia.

not done
Candidates for the five Presidential appointments were reviewed under the assumption that the administration's policy will be for OPIC to once again focus its efforts on the developing nations, and that smaller businesses should be actively encouraged to take advantage of the OPIC services. The original intent of OPIC was to encourage investments that would advance social conditions in the less developed countries. The GAO report points out, however, that recently OPIC money has been used for projects that only further foreign investment of the United States, such as the construction of luxury hotels and game lodges. The new appointees must monitor new investments closely and prevent similar abuses.

*Governor Gilligan and his staff at AID have been reviewing all aspects of OPIC. As well as working with the Senate Foreign Assistance Subcommittee on revising the enabling legislation, they have also worked with us in screening candidates for the top positions.

Governor Gilligan concurs with all of our recommendations.

*GILLIGAN SERVES AS CHAIRMAN OF OPIC'S BOARD OF DIRECTORS

PRESIDENT (PAS, Level III)

The number one problem with OPIC is that in the past it has not been headed by someone who is both sympathetic to the original goals and who is an effective administrator. James Bruce Llewellyn is someone who will solve this problem for us.

Llewellyn is a small businessman from New York City who is known as an aggressive administrator. He is a large, forceful person who has an excellent record of taking over an enterprise during rough times, bringing in first rate people, and turning things around.

As President of One Hundred Black Men, Inc., an organization of black small businessmen, he has also been exposed to the problems facing a large number of small businessmen. Llewellyn has travelled abroad extensively, and it can be expected that Llewellyn will be more sensitive than past presidents of OPIC have been to the needs of Third World and other developing countries.

Governor Gilligan and Rutherford Poats, the acting president of OPIC, have interviewed Llewellyn and have found him to be quite impressive. Governor Gilligan has written of his enthusiastic support for Llewellyn.

EXECUTIVE VICE PRESIDENT (PAS, Level IV)

For the number two position, Governor Gilligan wants someone with a strong background in OPIC. Rutherford Poats, the acting President, has the knowledge of the past and present workings of OPIC which would be valuable to whomever is appointed President. In addition, Poats met with Llewellyn and not only do the two complement each other quite well, but all indications are that they will work together very smoothly.

Poats was involved in a controversy in the late 60's which could well surface again in a new Senate hearing, and which was a major reason why he has not been seriously considered as a candidate for President of OPIC. Nevertheless, Governor Gilligan thinks quite highly of his abilities and strongly endorses him for the position of Executive Vice-President.

BOARD OF DIRECTORS (PAS, \$153.44 per diem)

There are currently three vacancies on the Board of Directors. One must be filled with a representative from labor, the other two are private sector seats.

For the labor seat, the only candidate who has been proposed is William Winpisinger. Winpisinger has just been installed as President of the International Association of Machinists and Aerospace Workers (IAM).

The two private sector seats have been the focus of considerable attention from many sides. There will be quite a few people who will be disappointed with any combination of appointments, and you should be aware of this in the event it is brought to your attention later.

Richard Swann from Orlando, Florida, has expressed a keen interest in one of the public sector seats. His skills and abilities will be key in making the Board of Directors responsive to the new changes that you want to see in OPIC.

James Friedman, from Cleveland, Ohio, is Governor Gilligan's highest priority. Gilligan depended heavily on Friedman's advice and counsel while he was Governor, and he has made it clear that he would like to have Friedman working with him on OPIC.

RECOMMENDATIONS

Because both Llewellyn and Poats have been interviewed by Governor Gilligan and others who will work with OPIC, I do not believe you need to interview them.

I recommend that you appoint James Bruce Llewellyn as President of OPIC and Rutherford Poats as Executive Vice President of OPIC.

Appoint Llewellyn	_____ Yes	_____ No
-------------------	-----------	----------

Appoints Poats	_____ Yes	_____ No
----------------	-----------	----------

Other _____

I recommend that you appoint William Winpisinger, Richard Swann and James Friedman to the Board of Directors of OPIC.

Appoint Winpisinger	_____ Yes	_____ No
---------------------	-----------	----------

Appoint Swann	_____ Yes	_____ No
---------------	-----------	----------

Appoint Friedman	_____ Yes	_____ No
------------------	-----------	----------

Other _____

LEVELLYN, J. Bruce

THE WHITE HOUSE
WASHINGTON

8/20

Rick -

Eleanor said they would like to see
what we get from Eizenstat on the
question of "Do we need OPIC" before
they sign off on this --- *due 8/24*

They might want to change it slightly.

Trudy

*James
Wils
said
two
go ahead*

J. BRUCE LLEWELLYN

Comments of John Gilligan, Administrator, A.I.D.

In J. Bruce Llewellyn, I believe the President will have an unusually bright and forceful man who will serve him and the American people well.

I was very impressed with him as an articulate, intelligent, and forthcoming individual.

I would strongly endorse his nomination as the President of OPIC.

Comments of John Whitehead, Co-chairman, Goldman, Sachs & Co.

He is terrific. A strong, fine, well-motivated businessman.

His principle business is the Fedco grocery stores that he operates in the minority areas in New York City. That is a tough, tough business to make work well and he has made it a successful business that has grown well. It is one of the largest minority businesses in the country.

Bruce is a good administrator by the sheer force of his personality. He is a commanding person -- 6'6", about 250 pounds. He is the inspirational type. His organization may be fuzzy but it is effective. He is very widely known and well respected in New York.

Comments of Hodding Carter, Assistant Secretary of State for Public Affairs

Llewellyn is an imposing figure. He is extremely well-known in New York City. He is President of One Hundred Black Men, Inc., and he was the first major black figure in the East for Jimmy Carter.

He is first rate, intelligent, very able, independently wealthy, and he knows foreign investment.

J. BRUCE LLEWELLYN

Comments of Howard Samuels, New York City

He is a very tough, successful businessman-entrepreneur. He has excellent administrative experience.

He has the potential to be in an executive position in the administration on a policy-making level. I know him fairly well but not well enough to know if he has any international experience.

He and I were in a controversy a few years ago. I fired a black vice-president and he called me to the mat. I don't like being called to the mat. Llewellyn set up a meeting I attended and things worked out pretty well. He did conduct everything in a business-like, professional manner.

He is a smart, cold kind of guy. Not dishonest in any way.

Comments of Walter Paige, President, Morgan Guaranty Trust

Bruce is a first class black businessman. He has really done some pioneering, and he has done a heck of a good job. He is President of the One Hundred Black Men, Inc., in New York City, which is the best in the city and the state.

He was very inspirational when he took over the Chairman of the Board at the Freedom National Bank. It is the leading black bank. It came into very hard times, but the black community could not let it fold, so Bruce came in. He brought in Hugh Feise as President and the bank is making money. He did a terrific job.

You have here an outstanding man. He has extremely good judgement of people, and of qualities of people. He knows the black and the white business communities. I trust him.

J. BRUCE LLEWELLYN

Comments of Eleanor Holmes Norton, Chair of EEOC

He is known nationally. He has extraordinary energy. He is a strong, aggressive leader. Llewellyn has had to, and has, worked hard for what he has. He has keen intelligence, and he is diplomatic and sophisticated in his manner.

His business background is impressive. He started into business without any headstart and he has acquired a fine reputation in the business community. While continuing his supermarket business, he took over the Chairman of the Board at the Freedom National Bank when it got into trouble. He pulled that out, put it together while still doing everything else.

He has good judgement and the ability to find talented people to assist him. He is hard-headed and knows how to say no.

He is the key to everything that happens in the black community in New York.

7 Sigma Place
Bronx, New York 10471

Business
540 East 170 Street
Bronx, New York
(212) 681-1500

PERSONAL INFORMATION

Birthplace: Bronx, New York

Date of Birth: July 16, 1927

EDUCATION

New York Law School; LLB and JD; Member, New York State Bar

City College, BS

Columbia Graduate School of Business

New York University School of Public Administration

Engineer Officer's Candidate School, Fort Belvoir, Virginia - Graduate

PROFESSIONAL EXPERIENCE

1969 to Present

President
Fedco Foods Corporation
540 East 170 Street
Bronx, New York

Supermarket chain consisting of 16 stores located in Manhattan and The Bronx, doing \$40 million business and employing more than 475 persons.

1967 to 1969

Deputy Commissioner
Department of Rent and Housing Maintenance
Housing and Development Administration
New York, New York

Coordinated and supervised all activities and programs of the Office of Special Improvements, designed to cope with the bad building problems of New York City.

1966 to 1967

Executive Director
New York Small Business Development Center, Inc.
New York, New York

Coordinated and supervised all activities of 5 small business development centers located in New York City.

1965 to 1966

Regional Director
U.S. Small Business Administration
New York, New York

In charge of the 29 southern counties of New York State for all loan and management assistance programs. Approved loans of up to \$350,000 and issued Certificates of Competency for government contractors.

May 1965 to
July 1965

Executive Director
Upper Manhattan Small Business Development Corp.
New York, New York

Screened loan applications and applicants seeking business loans under Title IV of the Economic Opportunity Act of 1964; arranged for management assistance, conducted research for business opportunities; participated in job development programs and economic development promotion.

1962 to 1965

Assistant Director of Housing
New York City Housing and Redevelopment Board

In charge of code enforcement of the 23 urban renewal areas designated by the Board of Estimates

1959 to 1965

Owner/Manager
H. A. T. Corporation

PUBLIC AND CIVIC ACTIVITIES

Past Chairman
Member of the Board

Freedom National Bank

Board Member

Urban National Corporation

Past Chairman
of the Board

Coalition Venture Capital Corporation

President

One Hundred Black Men, Inc.

Past Co-Chairman
Board Member

Interracial Council for Business Opportunity

Board Member

Tuberculosis Association of New York

Member

New York Bar Association

Board Member

New York Urban Coalition

Treasurer

South Bronx Overall Economic Development Program

Vice President	Federation of Protestant Welfare Agencies
Board Member	
Board Member	Blue Cross, Blue Shield
Board Member	New York City Industrial Development Agency
Board Member	New York Medical College, Flower 5th Avenue Hospital
Board Member	Children's Television Workshop
Board Member	Mayor's Temporary Commission on Finance



THE CITY OF NEW YORK
OFFICE OF THE MAYOR
NEW YORK, N.Y. 10007

June 22, 1977

Ms. LeGrand Mellon
Democratic National Committee
1625 Massachusetts Avenue, N.W.
Washington, D. C. 20036

Dear LeGrand:

I understand that J. Bruce Llewellyn, President of One Hundred Black Men Inc., is being considered for the position of President of the Overseas Investment Corporation.

Mr. Llewellyn is a highly capable, intelligent and important business leader in our community. I highly recommend him for this position. I have enclosed his resume and hope that you will be able to assist him in obtaining this important post. I know that he will be a credit to the Carter administration.

Sincerely,

Abraham D. Beame
Abraham D. Beame
Mayor

ARTHUR B. KRIM

June 13th,
1977

Dear Hamilton:

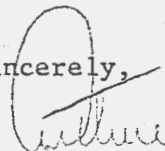
Bruce Llewellyn called me to say that he was interested in being appointed to head up the Overseas Private Investment Corporation, and asked if I would recommend him for this post.

I have known Bruce for the past ten years and consider him to be a person of good character. He is one of the leaders of the black community in New York and is well respected for his business ability and extra-curricular interests.

My own contacts with him have been in his capacity as Chairman of the Freedom National Bank and as a member of the Ad Hoc Committee of business leaders which Bob Strauss convened from time to time to meet with the Congressional leadership. My impressions of him have always been favorable, and so I am pleased to send you this letter of recommendation.

I am enclosing a copy of Mr. Llewellyn's Curriculum Vitae.

Sincerely,



ABK:el

Mr. Hamilton Jordan
The White House
Washington, D. C.

POATS, Rutherford

DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON

THE ADMINISTRATOR

JUL 27 1977

MEMORANDUM FOR MR. HAMILTON JORDAN
Assistant to the President
The White House

I want to convey to the President my full confidence and respect for Rutherford Poats to serve as the Executive Vice President of OPIC. Rud is a highly qualified professional whom Warren Christopher introduced to me during the early days of the transition.

As Acting President during the past few months, Rud has had a very difficult job and has performed with distinction and great ability. He has handled matters on the Hill where there has been a push to get new legislation before the appropriate subcommittees and has operated with a greatly reduced staff.

I am fully confident that he will serve the Administration well, and enthusiastically recommend to you and President Carter that he be nominated for Executive Vice President.


John G. Gilligan

Personal History:

RUTHERFORD M. POATS

Born August 8, 1922, Spartanburg, S. C.

~~Current Position:~~ Vice President for Development
1972-73 Overseas Private Investment Corporation

Employment History:

1970-71 Federal Executive Fellow, Brookings Institution, Washington, D. C.
1967-70 Deputy Administrator, Agency for International Development,
Department of State, Washington, D. C. (Acting Administrator,
January-March, 1969)
1964-67 Assistant Administrator for Far East, A. I. D., Washington, D. C.
1963-64 Deputy Assistant Administrator for Far East, A. I. D.,
Washington, D. C.
1961-63 Program Director and Special Assistant, Far East Bureau, A. I. D.,
Washington, D. C.
1957-61 United Press International Diplomatic Correspondent,
Washington, D. C.
1951-57 United Press Tokyo Bureau Chief and Asia News Editor, Tokyo
1947-51 United Press Foreign Correspondent, Japan, China, Korea,
Southeast Asia
1946-47 Chief, Information Division, TI&E, Far East Command,
Department of Defense, Tokyo
1943-46 U. S. Army officer, U. S. and Far East, including magazine
editor, radio station manager, infantry school instructor,
infantry commander
1941-42 Reporter, editor, International News Service, Atlanta, Ga.

Books: Decision in Korea, 1954

Technology for Developing Nations, 1972 (pending Brookings publication)

Education: AB (honors) Emory University, Atlanta, Ga., 1943

Center for Advanced Studies, Brookings Institution (research), 1970-71

Academic Honors: Phi Beta Kappa (president Tokyo chapter 1955);
Omricon Delta Kappa, Sigma Delta Chi

Special Interests/Experience: Research management in technical assistance,
population programs, government administration,
national economic policy institutions

Family: Wife, four children, aged 22, 19, 17, 14

Residence: 6352 Crosswoods Drive, Falls Church, Virginia 22044



17
Enlargement

AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES AFL-CIO
LOCAL 1534

gk
May 27, 1977

The Honorable Jimmy Carter
The White House
Washington, D.C.

Dear Mr. President:

On behalf of the American Federation of Government Employees, and especially Local #1534, which represents many of the employees of the Overseas Private Investment Corporation (OPIC), I would like to commend to your careful consideration the nomination of Mr. Rutherford M. Poats as President of OPIC. Mr. Poats currently is serving as Acting President of OPIC, on the recommendation of Governor Gilligan, and we understand that his name has been submitted to you for nomination and transmittal to the Senate for confirmation as permanent President.

Mr. Poats is a highly qualified, dynamic, career civil servant who has previously served as Vice President, Development of OPIC and in other senior positions in the Department of State and the Agency for International Development. He is thoroughly familiar with the Agency, its programs, and the measures that must be taken in concert with your Administration to fulfill its public purposes. As Acting President, he already has taken welcome and positive action in liaison with the Economic Policy Group and others, to refocus the Agency and move it forward. However, without his installation as permanent President within the near future, he -- and OPIC -- will be restricted in their ability to implement and effectuate these new efforts and initiatives.

We agree with Governor Gilligan and others in your Administration that Rutherford Poats is the best person to lead OPIC. We enthusiastically recommend him to you for nomination as President of OPIC.

Sincerely,

Margaret R. Michaelson
Margaret R. Michaelson
Vice President for OPIC
AFGE #1534

CC: John Sparkman
Hamilton Jordan

WINPISINGER, William

DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D. C. 20523

OFFICE OF
THE ADMINISTRATOR

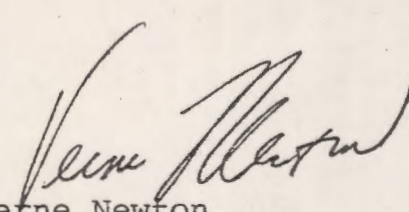
August 2, 1977

MEMORANDUM TO MR. HAMILTON JORDAN
Assistant to the President
The White House
Washington, D. C. 20500

I wanted to supply you with some background information on the candidacy of Mr. William Winpisinger for board membership at the Overseas Private Investment Corporation (OPIC). Under the by-laws of OPIC one of the board slots is for a "labor person". Traditionally, the AFL-CIO has nominated someone to fill this position. Following a meeting with George Meany in Governor Gilligan's office, Mr. Donohue of the ALF-CIO forwarded the nomination of Winpisinger for this position. He is the President-Elect of International Association of Machinist.

Shortly after, Steve Schlossberg of the UAW called me and gave the UAW's ringing endorsement to Winpisinger.

In addition, Governor Gilligan has known and worked with Winpisinger over the years and thinks he is an excellent candidate for board membership. The Governor would enthusiastically recommend him to the President for a position on the Board of OPIC.



Verne Newton
Special Assistant
to the Administrator

William W. Winpisinger
General Vice President
International Association of Machinists
and Aerospace Workers
1300 Connecticut Avenue, N.W.
Washington, D. C. 20036

Residence: 605 Bromley Street
Silver Spring, Maryland 20902
Office Phone: ~~785-2525~~ 857-5182
Res. Phone : (301) 593-7116

Experience: Obtained employment in auto repair and worked in various dealer shops in the Cleveland area, eventually specializing in transmission repair. Automotive trade school instructor in 1950-51.

Became active in the IAM and appointed IAM Representative in 1951. Assigned to organizing automotive mechanics in Lorain County, Ohio. In succeeding years, handled organizing arbitration and negotiating assignments in Ohio, New York, Pennsylvania and Michigan.

Assigned to Washington, D. C. in 1955. Participated in various automotive and airline activities of the IAM. Became IAM's Assistant Airline Coordinator 1959 - 1962. In 1963 became Assistant Automotive Coordinator. Named Automotive Coordinator in 1965.

Appointed IAM General Vice President in 1967. Was elected to a four-year term as General Vice President in 1969, directing the IAM's railroad, airline and automotive activities.

Represented the IAM before the NLRB, the National Mediation Board, the ICC, FAA, CAB and other governmental agencies.

Served as Chairman of the four-union railroad shopcrafts negotiating team in the 1969-70 round of negotiations with the railroads.

Chairman of the Labor Division of the National Transportation Apprenticeship Conference sponsored by the U.S. Department of Labor's Bureau of Apprenticeship and Training.

Appointed Resident Vice President August 1, 1972.

Education: Attended Cleveland West Technical High School. Left in 1942 before graduation to enlist in U.S. Navy during World War II. Honorably discharged in 1945.

Date of Birth: December 10, 1924, Cleveland, Ohio.

BIOGRAPHICAL SKETCH ON WILLIAM W. WINPISINGER

Bill Winpisinger, known simply as "Wimp" to thousands of Machinists Union members throughout the United States and Canada, is a high school dropout who worked his way up from the ranks to one of the top offices in America's fourth largest union.

During the Second World War Mr. Winpisinger decided that he would rather switch and fight. He dropped out of Cleveland's West Tech High School shortly before completing the twelfth grade to join the Navy. Upon returning to Cleveland in 1945 with an honorable discharge he went to work as an auto mechanic. The leadership of IAM District 54 soon recognized his talents as an articulate and militant spokesman for the aspirations of union members. In 1951, at the age of 26, he became one of the youngest representatives ever appointed to the IAM's full-time national staff.

Over the next 16 years he handled scores of special assignments within the union and became known as one of the IAM's top trouble shooters and negotiators. He has been a General Vice President since 1967 and is currently serving as Resident Vice President or Chief of Staff to International President Floyd Smith at IAM headquarters in Washington, D. C. Recently he was nominated without opposition to succeed President Smith as the IAM's top officer. On July 1, 1977 he will become the IAM's 11th International President.

SWANN, Richard

RICHARD SWANN

Comments of William Gunter, Florida State
Insurance Commissioner

Over the sixteen years that I have known Richard Swann, I have come to know him as an excellent lawyer. Although we have not been business partners, Swann has advised me on various matters. I have found his business expertise and judgment to be exceptional.

I do not think that Swann is involved in anything that will conflict with the demands that the OPIC seat would place on him.

In summary, Swann is articulate and sensitive and will do an excellent job.

Comments of William Clark, Partner, Cornelias,
Johnson, & Clark, Palm Beach, Florida

Swann is a very astute and bright person. In the Orlando area, he has organized two national banks and serves as legal counsel for both. He has always struck me as a very altruistic person. He is the type who speaks only when he has something to contribute -- which is often.

I was impressed with the sound decision that Swann made during the Florida primary. I have found his integrity to be beyond reproach.

RICHARD R. SWANN

Personal

Born: May 5, 1940, Orlando, Florida (Age 36)
Married: Doris Orr Swann
Children: Dorothy Orr Swann (12)
Christian Mears Swann (11)
Campbell Thornal Swann (6)
Doris Orr Swann (5)

Church Affiliation

Member: First Methodist Church, Orlando, Florida

Education

Public schools of Orange County, Florida
Duke University,
AB degree, 1961
J.D. 1963

Professional and Business

Partner, Swann, Swann and Haddock
Attorneys-at-Law
Member: Orange County Bar Association
American Bar Association
Public service
Real estate and land development
Bank ownership and director

Public Service

Member: Orange County Budget Commission 1971
Member: Orlando-Orange County Expressway
Authority 1973-1975

Special counselor to Florida Treasurer and Insurance
Commissioner Bill Gunter 1977-

Home: 147 Virginia Drive
Winter Park, Florida 32789

Office: 17 South Magnolia Avenue
Orlando, Florida 32801
423-2531

FRIEDMAN, James

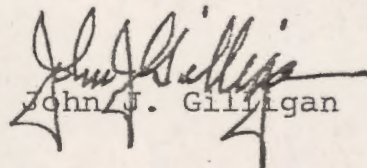
DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON

THE ADMINISTRATOR

MEMORANDUM TO MR. HAMILTON JORDAN
Assistant to the President
The White House
Washington, D. C. 20500

I understand President Carter is considering nominating Jim Friedman for a position on the board of the Overseas Private Investment Corporation (OPIC). I have known Jim and worked with him over the years and find him an able, dedicated, and highly qualified individual.

I would recommend to the President without hesitation that Jim Friedman be nominated for membership on the Board of OPIC.


John J. Gilligan

P R O F E S S I O N A L R E S U M E

NAME: James M. Friedman

ADDRESS: 650 Terminal Tower
Cleveland, Ohio 44113

PHONE: 216-696-8550

EDUCATION: Shaker Heights High School - 1959
Dartmouth College - A.B. 1963 (Summa Cum Laude)
Harvard Law School - J.D. 1966 (Cum Laude)

PROFESSIONAL EXPERIENCE:

Law Clerk to the Honorable Paul C. Weick,
Chief Justice United States Court of Appeals
for the Sixth Circuit - June, 1966-September, 1967.

Private practice of law - Gottfried, Ginsberg,
Guren and Merritt, Cleveland, Ohio
September, 1967 - January, 1971.

Executive Counsel (Chief of Staff) to the
Honorable John J. Gilligan, Governor of
the State of Ohio.
January, 1971 - June, 1972.

Partner - Guren, Merritt, Sogg & Cohen
Cleveland, Ohio - Present.

OTHER ACTIVITIES AND HONORS:

Selected one of ten outstanding men of 1970 by
Cleveland Jaycees.

Selected one of five outstanding men of 1970 by
Ohio Jaycees.

Chairman - Ohio Civil Rights Commission
August, 1972 - January, 1974.

General Counsel - Lake Erie Regional Transportation
Authority.

Cleveland Federation for Community Planning -
Community Steering Committee.

Consultant - National Committee for an
Effective Congress.

POLITICAL ACTIVITIES:

Member Ohio Democratic Executive Committee -
1969 to Present.

Member Cuyahoga County Democratic Executive
Committee -
1972 to Present.

National Finance Council (DNC)- 1975 to Present

Democratic National Committee - Consultant
for Campaign Training Institute - 1975 and 1976.

Democratic Senatorial Campaign Committee -
Consultant for Campaign Training Institute -
1975 and 1976

National Campaign Manager - Bayh for President
Campaign - 1976

Consultant on Campaigns in Indiana, Michigan,
Kentucky, Illinois, Massachusetts, New Jersey,
Tennessee and other states - 1972 to Present

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
X	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
	X	WATSON
		LANCE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	KING

X	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE
WASHINGTON

August 29, 1977

Jack Watson

The attached was returned in
the President's outbox. It is
forwarded to you for your
information.

Rick Hutcheson

Re: Cabinet Briefing on
Reorganization

THE WHITE HOUSE

WASHINGTON

THE PRESIDENT HAS SEEN.

MEMORANDUM TO: THE PRESIDENT

FROM:

Jack Watson
Jane Frank

August 26, 1977

RE:

Weekly Summaries - August 22-26, 1977

We are transmitting summaries received from the following:

Agriculture
CEA
Defense
EPA
GSA
HEW
HUD

Interior
Labor
STR
Transportation
Treasury
UN
Commerce

For your information, we are working with OMB to schedule a Cabinet briefing on the reorganization agenda. We believe that there is considerable interest in the schedule OMB will follow and in the status of various projects. Cabinet members will get a chance to see the whole picture and to ask questions about projects that may not relate directly to them. The meeting will probably take 1 1/2 to 2 hours and be held in the Roosevelt Room in early September.

Do you wish to attend?

Yes _____

No ☒ _____

CC: The Vice President

Electrostatic Copy Made
for Preservation Purposes

THE WHITE HOUSE
WASHINGTON

August 29, 1977

Frank Moore -

The attached was returned in
the President's outbox. It is
forwarded to you for your
information.

Rick Hutcheson

Re: Lack of Advance Notification
to Democrats of Dept. /Agency
Grants & Awards

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
		JORDAN
		LIPSHUTZ
	<input checked="" type="checkbox"/>	MOORE
		POWELL
		WATSON
		LANCE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE
WASHINGTON

Frank
ok
J

August 26, 1977

MEMORANDUM FOR THE PRESIDENT

FROM:

FRANK MOORE

F.M.

We continue to have serious problems because of the lack of advance notification to Democrats of Department/Agency grants and awards.

I believe that the problem is of consequence enough to warrant the Vice President mentioning it again at the Cabinet meeting on Monday.

||←

Attached are some examples of the difficulties we have encountered.

You asked me to let you know if it continued.

The Cabinet officers affected have been notified in each case.

Attachment

cc: The Vice President

Electrostatic Copy Made
for Preservation Purposes

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

August 26, 1977

FOR: FRANK MOORE
FROM: RONNA FREIBERG *RF*
SUBJECT: GRANT NOTIFICATIONS

Attached are copies of letters we have received since May 1st in which Members have complained about the Administration's handling of grant notifications.

Chronologically, the letters are as follows:

(1) Clarence Long, May 6, complained that during the previous four months, grant notifications had often gone to the Republican Senator or the county executive.

(2) John Jenrette, May 6, complained that Senator Thurmond got partial credit for an EDA grant for Atlantic Beach, S.C.

----On June 6, you did a memorandum to the Vice President on this subject. A copy is attached.

(3) Glenn English, June 15, wrote that Oklahoma's two Republican Senators announced an FmHA project in his district.

(4) Glenn English, July 11, wrote again to say it had happened a second time with another FmHA grant.

----A copy of the June 15 letter is attached; I could not get hold of a copy of the July 11 letter. However, Jim Webster's replies to both are attached.

(6) John Jenrette, August 16, again wrote to complain about Senator Thurmond's pre-empting grant announcements.

CLARENCE D. LONG

DISTRICT, MARYLAND

COMMITTEE ON
APPROPRIATIONS

CHAIRMAN:
SUBCOMMITTEE ON
FOREIGN OPERATIONS

MEMBER:
SUBCOMMITTEES ON
INTERIOR

MILITARY CONSTRUCTION

Congress of the United States
House of Representatives
Washington, D.C. 20515

2304 RAYBURN BUILDING
WASHINGTON, D.C. 20515
(202) 225-3061

DISTRICT OFFICE:
200 POST OFFICE BUILDING
CHESAPEAKE AND
WASHINGTON AVENUES
TOWSON, MARYLAND 21204
(301) 825-6616

"OFFICE ON WHEELS"

May 6, 1977

Mr. Frank Moore
Congressional Relations
THE WHITE HOUSE
Washington, D.C.

Dear Mr. Moore:

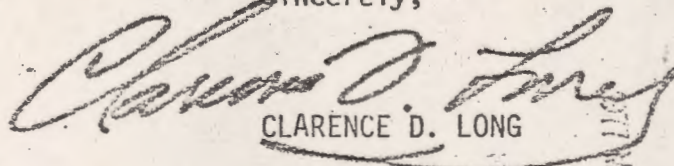
I should appreciate being advised of the Carter Administration policy on timely notification of Members of Congress regarding Federal grants and contracts awarded in their Congressional districts.

As the senior Democrat in the Maryland delegation, I would expect to be notified first. However, I have noticed during the past four months that grant information has often gone directly to the Republican Senator or the county executive.

I am interested in grant and contract award information pertaining to the Baltimore area (Baltimore County and City), including Harford County which has two military installations involved in my work as a members of the Military Construction Appropriations Subcommittee. Additionally, I would like to be advised about Baltimore Harbor and the Chesapeake Bay.

Thank you for your cooperation. I look forward to your response.

Sincerely,


CLARENCE D. LONG

CDL:bmr

ack - FM cc. Katherine Pittson

" to be kept in discussion it

by Agency CI meeting

MESSAGE OFFICE

MAY 9 PM 4:23

WHITE HOUSE

J. JENRETTE, JR.
DISTRICT, SOUTH CAROLINA

COUNTIES:
CLARENDON
DARLINGTON
DILLON
FLORENCE
GEORGETOWN
HORRY
LEE
MARION
MARLBORO
WILLIAMSBURG

COMMITTEES:
AGRICULTURE
POST OFFICE AND CIVIL SERVICE

Congress of the United States
House of Representatives
Washington, D.C. 20515

WASHINGTON OFFICE:
ROOM 425
CANNON HOUSE OFFICE BUILDING
TELEPHONE: (202) 225-3315

FLORENCE OFFICE:
SUITE 233
FEDERAL BUILDING
FLORENCE, SOUTH CAROLINA 29501
TELEPHONE: (803) 655-0341

CONWAY OFFICE:
HORRY COUNTY COURTHOUSE
CONWAY, SOUTH CAROLINA 29525
TELEPHONE: (803) 243-6247

KINGSTREE OFFICE:
WILLIAMSBURG COUNTY COURTHOUSE
KINGSTREE, SOUTH CAROLINA 29556
TELEPHONE: (803) 354-9223

May 6, 1977

Mr. Frank Moore
Office of Congressional Liaison
The White House
Washington, D. C. 20500.

Dear Frank:

I have enclosed a news clipping from my hometown paper on a recent EDA grant for Atlantic Beach, South Carolina.

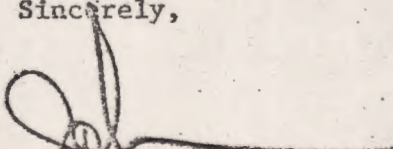
As you can see Senator Thurmond got partial credit for this significant announcement. My press assistant sent a release to this paper the day we were notified by EDA and he also telephoned the paper that same day.

Frank, my first term here during the Ford Administration, Strom Thurmond had at least 72 hours advance notice on every federal grant for South Carolina. Thurmond will be up for re-election in 1978 and if history tells us anything, he will run on his record of bringing federal money into South Carolina. This is particularly annoying since Thurmond often votes against the funding for these programs. I had hoped that under a Democratic Administration we could end Thurmond's "scoops" and allow the Democratic members of the South Carolina delegation to get advance notice so they could reap the benefits from making grant announcements.

I understand that you have to work with Thurmond. However, South Carolina Democrats are going to mount an aggressive campaign to win Thurmond's seat and if we cut-off Thurmond's Washington pipeline our chances will be greatly improved.

Please let me know whenever I may be of assistance.

Sincerely,


JOHN W. JENRETTE, JR.
Member of Congress
Sixth District, S. C.

cc: AF
see FM
tell him to discuss
at Agency meeting

Atlantic Beach Gets Grant For Center

Senator Strom Thurmond and Sixth District Congressman John W. Jenrette, announced today that the city of Atlantic Beach has received \$256,000 for a community center at 32nd and South Streets.

"This is a good solid economic shot in the arm for the town of Atlantic Beach," Jenrette said.

"This community center will house the community services to accommodate the town's increasing

number of seasonal residents."

Representative Jenrette indicated that the EDA is funding the total cost of the Atlantic Beach project. Also announced Monday by Jenrette was a grant of \$56,250 from the Environmental Protection Agency for the Grand Strand Water and Sewer Authority. This grant will be for the development of a design criteria report at the Central Wastewater Treatment facility.

*Ronna -
for your files*
61
THE WHITE HOUSE
WASHINGTON

June 6, 1977

*cc Long
Letter to Sam*

MEMORANDUM FOR THE VICE PRESIDENT

FROM: FRANK MOORE

SUBJECT: Advance Notification on Federal Grants and Contracts

We have been experiencing difficulty with Democratic Members of Congress because of a lack of advance notification on Federal Grants and Contracts.

Democratic Members are dissatisfied, rightfully so, because in many instances their Republican colleagues are notified first on these grants and are of course the first to announce the awards to the hometown press. Democrats have found themselves in the embarrassing position of learning of these Federal grants from reporters.

Two specific instances of this are as follows:

1. A letter from Congressman Long of Maryland in which he states "As the senior Democrat in the Maryland delegation, I would expect to be notified first. However, I have noticed during the past four months that grant information has often gone directly to the Republican Senator or the county executive."

2. A letter from Congressman Jenrette in which he states: "my first term here during the Ford Administration, Strom Thurmond had at least 72 hours advance notice on every federal grant for South Carolina. Thurmond will be up for re-election in 1978 and if history tells us anything, he will run on his record of bringing federal money into South Carolina. This is particularly annoying since Thurmond often votes against funding for these programs. I had hoped that under a Democratic Administration we could end Thurmond's "scoops" and allow the Democratic members of the South Carolina delegation to get advance notice so they could reap the benefits from making grant announcements."

The White House Congressional Liaison office notifies Democratic Members of Congress immediately upon receiving notice of a grant or contract. I would appreciate it, you would urge Cabinet Secretaries to stress within their departments the importance of this procedure.

PYI

109 CANNON HOUSE OFFICE BUILDING
WASHINGTON, D.C. 20515
(202) 225-5565
800 WEST MAIN STREET
YUKON, OKLAHOMA 73099
(405) 354-8638
AGRICULTURAL CENTER BUILDING
OSU CAMPUS
STILLWATER, OKLAHOMA 74074
(405) 377-2824
FEDERAL BUILDING
ENID, OKLAHOMA 73701
(405) 233-9224
112 NORTH MARKET ST.
CORDELL, OKLAHOMA 73632
(405) 832-3363

AGRICULTURE COMMITTEE
GOVERNMENT OPERATIONS
COMMITTEE
SELECT COMMITTEE ON
NARCOTICS ABUSE AND CONTROL

Congress of the United States
House of Representatives
Washington, D.C. 20515

June 15, 1977

Mr. Frank Moore
Congressional Liaison Officer
The White House
1600 Pennsylvania Ave. NW
Washington, D. C. 20500

Dear Mr. Moore:

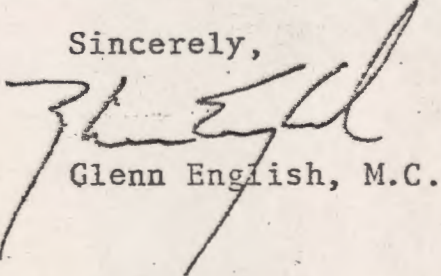
Please note the attached clippings from the Stillwater Oklahoma News Press and the Cushing Daily Citizen in which Oklahoma's two Republican U. S. Senators are announcing a Farmers Home Administration project in my district.

My office had also been working on this project, however we learned of its approval from this story.

I wish the White House would move as rapidly as possible to remove Mr. Bud Johnson as State Director of Farmers Home Administration. Perhaps then my office would get notice of project approvals at least at the same time as the Senators.

Your expeditious action will be appreciated.

Sincerely,



Glenn English, M.C.

GLE/gdp

Residents overjoyed

Ripley gets \$50,000

Ripley residents received good news today when U.S. Senators Dewey-Bartlett and Henry Bellmon announced Monday afternoon that a \$50,000 loan and a \$50,000 grant from Farmers Home Administration had been granted to the

town of Ripley to replace their existing water wells.

For many weeks now Ripley residents have been boiling their water before consuming it. Expectant mothers, infants, and persons who had heart

diseases had been advised to not even drink the boiled water.

The small community of Ripley did not have enough funds to replace its water wells. Their city commission made applications to various agencies hoping to receive a loan or grant.

Cushing Daily Citizen

page 1

6.14.77

Ripley Receives Water Woes Aid

Ripley will be receiving \$100,000 soon from the federal government to help replace the water well system, which was found to have bacteria in it.

The announcement was made today jointly by the offices of Sens. Henry Bellmon and Dewey Bartlett that the Farmers Home Administration (FmHA) has granted Ripley a \$50,000 grant and a \$50,000 loan, effective immediately.

The Ripley Board of Trustees had already decided to go ahead with plans to drill a new test well south of the high school, which might tap into artesian sources.

Preliminary estimates for completion of such a well were in the \$20,000 to \$30,000 range. The town needs at least two wells.

Ripley requested funds not only from the FmHA, but also the Department of Housing and Urban Development and the Ozarks Regional Commission of Seminole.

The town first learned in early May the water well system was contaminated. Since then, citizens have been boiling their drinking water, and taking special precautions for infants' drinking water.

Stillwater News Press

6-13-77

Page 1



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20250

Handwritten initials

June 29, 1977

Honorable Glenn English
House of Representatives

Dear Glenn:

Frank Moore sent me a copy of your letter about the announcement of FmHA's loan and grant for the water system at Ripley, Oklahoma.

And my face is red.

This is the second such instance involving that agency since I came aboard; I thought we had the holes plugged after the first one.

My face gets twice as red when I consider the fact that, in both instances, it involved a good friend and a Member of the House Agriculture Committee.

So I'm going to detail some folks to stick fingers in the dikes and plug the holes a little more tightly.

And we're also trying to move forcefully on those State Director problems.

Best regards,

Sincerely,

Handwritten signature of James C. Webster

JAMES C. WEBSTER
Director, Congressional
and Public Affairs

✓ cc: Frank Moore, WH



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20250

9 AUG 1977

Honorable Glenn English
House of Representatives
Washington, D. C. 20515

Dear Congressman English:

Frank Moore has sent me a copy of your July 11 letter to him in which you indicate that the two Oklahoma Senators received and announced prior to you an FmHA loan and grant to 51-E Water Incorporated of Stillwater, Oklahoma.

Because of similar mixups during the first few months this year, the Office of Congressional Affairs here at the Department instituted a new messenger-delivery system of such notices in which the messenger from our Department has the recipient at each Congressional office sign a slip acknowledging time and date of delivery of such notices.

A check of our records in the Congressional Affairs office shows that the announcement in question was delivered to your office by messenger at 10 a.m., June 30, 1977. It was signed for by a Terece Parker in your office. The announcement was not delivered to the Senate members of the Oklahoma delegation until the following day, July 1.

I regret if this has caused you and embarrassment, but we hope that one-day advance notification provides ample time for press notification.

Please don't hesitate to let me know if there are any slipups in the future.

Sincerely,

(s/

JAMES C. WEBSTER
Director, Congressional
and Public Affairs

cc: Frank Moore

THE WHITE HOUSE

WASHINGTON
August 16, 1977

DFM

TO: FRANK MOORE

FROM: TOM DONILON ^①

RE: The attached note from Congressman John Jenrette concerning grant notification by the Farmers Home Administration.

Attached is a note from John Jenrette expressing dismay at the fact that Senator Strom Thurmond has twice, over the past week, pre-empted Farmers Home Administration grant announcements. You may recall that twice last month we had correspondence from Congressman Glenn English who had twice read in the newspaper about grants to his district from the Farmers Home Administration that had been announced by Oklahoma's two Republican Senators. Please advise on the handling of this.

AUG 16 1977

Water Funds Are Approved

The Farmers Home Administration (FmHA) has approved a \$477,000 loan and a grant of \$290,000 to purchase a water system for use in Wampee community near North Myrtle Beach.

The money is to be used to buy a Bay Tree condominium complex system to serve the new North Myrtle Beach High School and 165 users in Wampee. New construction will be required to fit the system to the area.

The grant and loan were announced by Sen. Strom Thurmond, R-S.C., and Rep. John W. Jenrette Jr., D-S.C.

Dear Frank,

These are the latest two items in the continuing saga of Strom Thurmond pre-empting grant announcements during a Democratic Administration. I don't know whether this is coming from the Regional Office or the Washington Office, I just want to know why the hell it has to continue!

John Jenrette

If you can't handle this
just let me know who
I should contact —

Both of these papers are daily in not of course.

Riley Says Increase State Aid for Schools

By JOHN DAVIS
Morning News Staff Writer

State aid should be increased for public schools to equalize educational opportunity and free local taxes for other services, former state Sen. Richard W. Riley said in Florence Tuesday.

But he said no amount of money could help a school system more than parents could by becoming involved in education.

"I would like to see a trend more to state support of education, as our constitution calls for, and a decrease in county support as the state picks up more support," Riley said.

"The property tax has been a burden on education," he said. "People have been opposed to education because they were opposed to the property tax."

"To keep that system says to future generations we are never going to have enough support for education," he said.

Riley spoke at a news conference in Florence in a second day of campaigning in the Pee Dee area for the Democratic nomination for governor.

"I like the fair-school approach where state money goes out on a per-pupil basis," assuring "money for school children regardless of whether they live in a rich area or a poor area," he said.

And use of property taxes could be "opened up more to counties," which provide services such as fire and police protection that "deal with land," he said.

As important as more money for schools is the interest of parents, he said. "I don't think any amount of money could help a school system more than having parents spend thirty minutes in the evening" with children checking progress in school.

"Community education is a concept that involves parents in a

school program," including their being concerned with recreation programs, libraries, motivation and health program Riley said.

"Some good changes have taken place in education," he said but the state "won't have quality education until the people demand quality education."

"All the other problems — testing, emphasis on reading, the need for flexibility — will respond to that," he said. "It's a difficult thing to legislate, but not a difficult thing to lead in" for a governor.

Asked how he would work with the legislature, Riley said he expected "debate between the governor and the legislature will occur."

In debate when he was a Greenville legislator, the warmth he felt for fellow senators often "became very heated," but he said he always came away questioning "the good of the state" and not a person's motives.

For advice from the Senate, he said, he would "call in a representative cross-section of the Senate not just the senior members."

The legislature is "not a bunch of uncaring people," he said. "There's an awful lot of talent in the General Assembly, and if properly motivated and led there's an awful lot that can be accomplished."

Riley said he would not hesitate to campaign publicly on an issue such as education if he and the legislature were at odds, but he "would not do that initially," looking at first "for results, not publicity."

Riley served in the legislature from 1963 to 1976. He did not run for office in 1976, but served then as state steering committee chairman in Jimmy Carter's campaign for president.

Phone Co-op Gets Loan

KINGSTREE — Sen. Strom Thurmond (R-S.C.) and 6th District Rep. John Jenrette announced Tuesday a loan of \$6,550,000 to Farmers Telephone Cooperative.

The funds, loaned by the Rural Electrification Administration, are at five per cent interest and are to finance facilities to connect 2,306 new subscribers and to construct 106 miles of new line.

Money will also be used to upgrade existing service in North Kingstree, Scranton and Turbeville areas to one-party lines and to build an addition to the offices at Kingstree, as well as other system improvements.

"I am a strong supporter of the ERA loan program and place a top priority on helping our cooperatives receive their fair share of this assistance, Jenrette said.

The cooperative serves areas of Williamsburg, Clarendon, Florence, Georgetown, Lee and Sumter counties.

THE WHITE HOUSE
WASHINGTON

I asked Zbig to assess
Assad's suggestion that
Arab League represent
Palestinians - & whether
we should meet \bar{c}
A.L. vs PLO = (We'll
have breakfast together
tomorrow if convenient)
(good)

Electrostatic Copy Made
for Preservation Purposes

THE WHITE HOUSE
WASHINGTON

August 29, 1977

Z. Brzezinski -

The attached was returned in
the President's outbox. It is
forwarded to you for your
information.

Rick Hutcheson

cc: Hamilton Jordan

~~SECRET ATTACHMENT~~

Defense Summary

THE WHITE HOUSE
WASHINGTON

~~Secret~~

cc Jordan
orig do 2B

DETERMINED TO BE IN ADMINISTRATIVE DATE 12/5/89
MARKING BY Gary

~~SECRET~~

THE SECRETARY OF DEFENSE
WASHINGTON, D. C. 20301

THE PRESIDENT HAS SEEN.

August 26, 1977

MEMORANDUM FOR THE PRESIDENT

197 AUG 26 PM 2:55

SUBJECT: Significant Actions, Secretary and Deputy Secretary of Defense
(August 20 - 26, 1977)

Panama Canal Treaties: As you know, DoD has been actively participating in the program of public appearances in support of the treaties. On Tuesday, I spoke at the White House to the delegation from Kentucky and Mississippi on national security aspects. General Bernie Rogers, Army Chief of Staff, spoke to the VFW convention in Minneapolis. The paragraphs included on Panama reflecting the administration position were received, as expected, negatively. General Lou Wilson, Commandant of the Marine Corps, included a few paragraphs on the treaties in his speech yesterday to the American Legion convention in Denver. Today General George Brown is hosting a group of retired three- and four-star generals and admirals at the National War College. This is done occasionally to keep them informed on current issues. Today's session will concentrate on Panama and, LtGen Dolvin of the negotiating team will also be briefing that group. Next Tuesday, General Brown will host a lunch for two of the three living ex-Chairmen of the Joint Chiefs of Staff, Generals Lyman Lemnitzer and Maxwell Taylor. Admiral Tom Moorer was invited but will be out of town. Also next Tuesday Charles Duncan will be at the White House to speak to state delegations from Georgia and Florida. The Secretary of the Air Force, John Stetson, is scheduled to speak to influential groups in Panama City, Jacksonville, and Orlando, Florida on 2 September. These meetings will be arranged by the Military Affairs Committees of the respective Chambers of Commerce.

U.S. National Strategy: The Joint Chiefs and I have gone over: the cover memorandum with which I forwarded military strategy and force structure portion of the PRM-10 Study to you; your directive on U.S. national strategy (PD/NSC-18); and the memorandum from Zbig to me on follow-on studies. The Chiefs acknowledge the care with which their views have been reflected in the PD. They are supportive of the strategy statement and they appreciate the way in which leadership in follow-on studies is assigned to the Department of Defense. I think we have handled this follow-up to PRM-10 in just the right way.

Budget Amendment on Cruise Missile: On August 24, General Dick Ellis, CINC Strategic Air Command, testified before the Senate Armed Services Subcommittee on R&D. Chairman McIntyre and Senator Goldwater were the only members present. It was not, in brief, a very helpful session. The thrust of the questioning seemed aimed at determining whether or not the "operational Air Force" supports the B-1/CM decision. Additionally, the FB-111 was discussed as an alternative penetrating bomber. Questioning seemed to stem from an effort to evoke support for a new version of the FB-111 (the "H" model, about which you heard from Air Force Chief of Staff General Jones, at lunch three weeks ago). The implication was that there might have to be a choice made between such an FB-111 development or keeping R&D B-1 funds intact, given the lack of confidence on the part of

some Committee members in the potential of cruise missiles. There appears to be a fair chance that the Committee will recommend adding funds to initiate an FB-111H program. The \$90 million request for the (wide-bodied) cruise missile carrier (CMC) appears likely to be reduced: we probably can live with a somewhat smaller FY 1978 CMC program. An option for FB-111H production may prove to be less expensive and more useful than finishing the B-1 R&D; I am now considering that issue. But if we take that route, we will need to make it clear that we are by no means committing to production, that in fact it is only a substitute insurance policy.

Executive Order on Intelligence Reorganization: A small, high-level DoD/DCI working group has drafted an Executive Order to implement your decisions on the reorganization of the Intelligence Community. Comments on that draft have been received from all elements of the Intelligence Community and from the Attorney General. Per your agreement with Senator Inouye, the working group has been meeting with the staff of the Senate Select Committee on Intelligence to receive their views. The working group is now revising the initial draft to accommodate views; they expect to have a draft ready for formal review by Stan Turner and me by the end of August. Depending on the extent and degree of disagreements between Stan and myself, we should have the Executive Order ready for your approval early in September.

Visit to SAC Base: In conjunction with the speaking trip Charles Duncan made to North Dakota and Colorado--mentioned in my August 12 Weekly Report--he also visited Ellsworth Air Force Base in South Dakota. Charles was particularly impressed with the enthusiastic, highly professional young officers and NCOs in both the MINUTEMAN Wing and the B-52 Wing. The young bomber pilots were very disappointed in the decision not to proceed with the B-1--undoubtedly a reflection of the resulting uncertainty in their own career patterns, which will cause some of them to leave the Service. However, they left no doubt that they consider themselves fully capable of executing their assigned strategic missions with the B-52s.

POSEIDON Firing: On August 3, USS JAMES MONROE (SSBN 662) conducted a firing of a POSEIDON C-3 missile from a position in the Western Atlantic into the Eastern Test Range Missile Impact Locating System. All four reentry bodies impacted within the target area. Range of the shot was 1,470 nm. This missile is the first to be fired while configured with a modification which eliminates flight failures attributed to brittle fracture of insulators on the forward end of second stage motors.

USAF Women Pilots: The first Air Force women jet pilots will graduate on September 2 at Williams Air Force Base, Arizona. Press coverage has already started to appear. As you know, the women pilots will be assigned only to transport aircraft or trainers.

Harold Brown

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

21

August 29, 1977

MEMORANDUM FOR THE PRESIDENT

FROM:

FRANK MOORE *FM.*

Senator Byrd called. Governor Jay Rockefeller called him and advised that he will fly to San Antonio and vote against the Panama Canal treaty resolution if we need him.

Hamilton, Jody, Jack Watson and I are doing a count and think we can win by more than 50%. We may ask Rockefeller, Askew and Busbee to go to San Antonio.

**Electrostatic Copy Made
for Preservation Purposes**

THE WHITE HOUSE
WASHINGTON

August 29, 1977

Bert Lance

The attached was returned
in the President's outbox today
and is forwarded to you for your
information and appropriate
handling.

Rick Hutcheson

cc: Stu Eizenstat
Frank Moore
Charlie Schultze
Tim Kraft

RE: ANNUAL CIVILIAN WHITE COLLAR
AND MILITARY PAY INCREASE

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
X	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
	X	EIZENSTAT
		JORDAN
		LIPSHUTZ
	X	MOORE
		POWELL
		WATSON
X		LANCE
	X	SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	KING

X	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN



THE PRESIDENT HAS SEEN.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

①

AUG 22 1977

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM: BERT LANCE

BL

SUBJECT: Annual Civilian White Collar and Military
Pay Increase

Under the law you have responsibility for determining the annual civilian white collar and military pay increase. The law states that Federal civilian white collar salaries shall be comparable to those paid in private enterprise for the same levels of work and lays out an elaborate process for achieving this objective. The military receive the average percentage increase granted to civilians. The civilian process consists of:

- A nationwide survey by BLS of private sector white collar salaries. (Survey sample -- 3,600 establishments; jobs matched and salary data collected -- 1.7 million jobs.)
- The surveyed private sector salaries are compared with the Federal salaries for the same level of work and the increases needed to achieve comparability are then mathematically determined.
- The results of the above comparison are reviewed by the President's "Pay Agent"; i.e., the Secretary of Labor, the Director of OMB, and the Chairman of the Civil Service Commission, acting jointly.
- The Pay Agent discusses the survey, comparison methodology and the increase needed to achieve comparability, with the Federal Employees Pay Council (a group of Federal employee union leaders).
- After these discussions, the Pay Agent decides what in its collective judgment, should be the size and distribution of increases needed to achieve comparability.

Electrostatic Copy Made
for Preservation Purposes

We have done these things and have concluded that an across-the-board 7.05 percent increase would best satisfy the requirements of the law as the increase needed to achieve comparability with private enterprise salaries. Union leaders argue that it should be considerably larger--at least 7.46 percent, and possibly 8.8 percent.

Framers of the comparability law anticipated such disagreements and provided for an expert, impartial third party to consider the competing views and advise you. This third party is the Advisory Committee on Federal Pay. The Committee reviewed the Pay Agent's report, held public hearings on August 16-17, and will shortly forward their independent recommendations to you.

We have had a discussion with the Advisory Committee and learned that they will agree with the total amount of the increase but probably will express a preference for graduated increases for different grades. Although such graduated increases would probably fit the BLS data more closely, we opted for an across-the-board increase.

Our reasons were: (1) The graduated increases would be larger for the higher grades; e.g., only 6.3-6.8% for the lower graded employees and 8.8-9.9% for the higher levels (see attachment 1). This did not seem equitable to us. (2) The union leaders argued strongly against that tilted payline and in favor of giving everyone the average increase (7.05%). (3) The total cost of both paylines is the same. (4) We are not at all sure that the statistical formula which gave us the tilted line is the best available; other valid statistical techniques would produce more level paylines. (5) We plan to reconsider the computation methodology next year and we consider an across-the-board increase to be a reasonable interim solution for this year.

In addition to choosing between the Pay Agent and Advisory Committee recommendations, the law also gives you the authority to propose an "alternative plan." This authority allows you to substitute some other increase for the comparability increase, to delay it, or to propose no increase at all. You can do this, however, only if you conclude that such action is required by "national emergency or economic conditions affecting the general welfare." If you were to opt for an alternative plan, it would have to be sent to Congress by August 31, and we would have to give

the unions leaders a prior opportunity to express their views and have them considered. However, Secretary Marshall, Chairman Campbell and I do not believe that either legal or practical justification exists for an alternative plan this year and do not recommend one.

In summary, we recommend a 7.05 percent across-the-board increase. This will cost \$3.4 billion, but \$3.1 billion has been anticipated in the budget to meet these costs. If you accept this recommendation, nothing needs to be sent to Congress; all that is required is an Executive order making these new salaries effective after October 1.

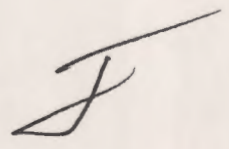
Decision:

- ☒ 7.05 percent as recommended by the Pay Agent.
- ☐ The recommendation of the Advisory Committee.
- ☐ Other.

The Advisory Committee, which is composed of three distinguished citizens (including Roy Ash, a former Director of OMB) would like to present their report personally to you and give you their views on Federal pay matters generally. If you could spare time for a brief meeting with them sometime in August or September, it would help to demonstrate your interest in Federal employee matters.

Decision:

- ☒ Will meet with Advisory Committee.
- ☐ Will not meet with Advisory Committee.



Attachment

**Electrostatic Copy Made
for Preservation Purposes**

Percent Increase By Grade
Needed for Comparability*

<u>General Schedule Grade</u>	<u>Percent Increase</u>
1	7.08%
2	6.82
3	6.61
4	6.45
5	6.34
6	6.28
7	6.26
8	6.29
9	6.37
10	6.50
11	6.67
12	7.17
13	7.86
14	8.76
15	(9.85) **
16	(11.16) **
17	(12.69) **
18	(14.44) **
Actual Payroll Increase	7.05%

* These are the graduated percentage increases determined by applying the mathematical formula used last year to this year's BLS private sector salary survey data. The Advisory Committee may express a preference for these increases.

**Individuals in these grades would receive only sufficient increase to bring them to the statutory ceiling of \$47,500, the pay rate of Executive Level V. Normally, this ceiling would increase by the average amount of the General Schedule increase. However, Executive Level V salaries will not rise at this time since Public Law 95-66 of July 11, 1977 provides that Executive level, Congressional and Judicial salaries will not benefit from this particular General Schedule increase.

THE WHITE HOUSE
WASHINGTON

*Bill has on desk
Bill - each around
on this*

Date: August 22, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat *attached*
Hamilton Jordan *"c*
Bob Lipshutz
Jack Watson - *N.C.*
Charlie Schultze *pc my phone*
Tim Kraft - *attached - doesn't think*

FOR INFORMATION:

The Vice President
Frank Moore *attached*
Jody Powell

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Lance memo dated 8/22/77 re Annual Civilian White Collar
and Military Pay Increase

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 12:00 NOON

DAY: Wednesday

DATE: August 24, 1977

ACTION REQUESTED:

Other: ☒ Your comments

STAFF RESPONSE:

☐ I concur.
Please note other comments below:

☐ No comment.

*Ed Prentiss: on B
Don't be. Reentry
Attachment classification*

*Pres has
non meeting
on this*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

THE WHITE HOUSE
WASHINGTON

X	FOR STAFFING
	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
	/	MONDALE
		COSTANZA
/		EIZENSTAT
/		JORDAN
/		LIPSHUTZ
	/	MOORE
	/	POWELL
/		WATSON
		LANCE
/		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	KING

/	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

X

Percent Increase By Grade
Needed for Comparability

<u>General Schedule Grade</u>	<u>Percent Increase</u>
1	7.08%
2	6.82
3	6.61
4	6.45
5	6.34
6	6.28
7	6.26
8	6.29
9	6.37
10	6.50
11	6.67
12	7.17
13	7.86
14	8.76
15	(9.85)*
16	(11.16)*
17	(12.69)*
18	(14.44)*
Actual Payroll Increase	7.05%

* Individuals in these grades will receive only sufficient increase to bring them to the statutory ceiling of \$47,500, the pay rate of Executive Level V. Normally, this ceiling would increase by the average amount of the General Schedule increase. However, Executive Level V salaries will not rise at this time since Public Law 95-66 of July 11, 1977 provides that Executive level, Congressional and Judicial salaries will not benefit from this particular General Schedule increase.

Date: August 22, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat
 Hamilton Jordan^N
 Bob Lipshutz
 Jack Watson^N
 Charlie Schultze^N
 Tim Kraft^N

FOR INFORMATION:

The Vice President
 Frank Moore
 Jody Powell

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Lance memo dated 8/22/77 re Annual Civilian White Collar
 and Military Pay Increase

To: Rick

YOUR RESPONSE MUST BE DELIVERED
 TO THE STAFF SECRETARY BY:

TIME: 12:00 NOON

DAY: Wednesday

DATE: August 24, 1977

ACTION REQUESTED:

☒ Your comments

Other:

We're trying to hold as
 much of September as possible

STAFF RESPONSE:

☐ I concur.☐ No comment.

Please note other comments below:

for time with Congress - Ash
 & Advisory Committee do not
 seem to represent an urgent
 exception

TK

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required
 material, please telephone the Staff Secretary immediately. (Telephone, 7052)

Date: August 22, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat
 Hamilton Jordan
 Bob Lipshutz
 Jack Watson
 Charlie Schultze
 Tim Kraft

FOR INFORMATION:

The Vice President
 Frank Moore
 Jody Powell

HL
SL

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Lance memo dated 8/22/77 re Annual Civilian White Collar
 and Military Pay Increase

100-5

YOUR RESPONSE MUST BE DELIVERED
 TO THE STAFF SECRETARY BY:

TIME: 12:00 NOON

DAY: Wednesday

DATE: August 24, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

*The President should meet with Ash prior to
 making a decision - costs little and will look
 good when any decision is reached* *Bill
 Cable*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required
 material, please telephone the Staff Secretary immediately. (Telephone, 7052)

THE WHITE HOUSE

WASHINGTON

August 26, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: STU EIZENSTAT



SUBJECT: Alternative Plan - Federal White Collar
and Military Pay Increase

While the salary increase is supported by OMB, DoL, CSC, and the Civil Service Unions, and while the requirements of the law would seem to mandate such an increase, I am concerned with the public appearance that we are contributing to inflation. I have talked with Jim McIntyre about whether the increase could be made in two bites, but this does not appear to be a viable option since it would require a resubmission of an alternate plan, would damage our relations with the federal employee unions and might give the impression of moving off of our campaign statements on pay comparability.

THE WHITE HOUSE

WASHINGTON

August 24, 1977

*replaced
with
8/26
memo*

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT

SEH

SUBJECT: Annual Civilian White Collar and Military
Pay Increase

While the salary increase is supported not only by OMB but by the Department of Labor, the Civil Service Commission and the Civil Service Unions, and while the requirements of the law would seem to mandate such an increase, I am concerned with the public appearance that we are contributing to inflation.

If there is any way that this can be ameliorated, for example by phasing in the increases in two bites, I think this might set a better example for the private sector in the inflation area.

Date: August 22, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat
Hamilton Jordan
Bob Lipshutz
Jack Watson
Charlie Schultze
Tim Kraft

FOR INFORMATION:

The Vice President
Frank Moore
Jody Powell

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Lance memo dated 8/22/77 re Annual Civilian White Collar
and Military Pay Increase

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 12:00 NOON

DAY: Wednesday

DATE: August 24, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.☒ No comment.*Please note other comments below:*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required
material, please telephone the Staff Secretary immediately. (Telephone, 7052)



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

August 26, 1977

MEMORANDUM FOR THE PRESIDENT

FROM:

JIM MCINTYRE *Jim McIntyre*

SUBJECT:

Alternative Plan - Federal White Collar
and Military Pay Increase

Stu Eizenstat and I have discussed the possibility that this year's proposed comparability pay increase of 7.05 percent may appear to be contributing to inflation, and the possibility that you might phase it in two bites. The law does provide authority for you to do that by submitting for Congress' approval an alternative to the comparability increase. However, the law provides that such an alternative plan may be submitted only when justified by "national emergency or economic conditions affecting the general welfare." Accordingly, we would have to be ready to cite the economic conditions that justify the alternative plan. Before deciding whether or not to recommend an alternative plan, the following points should be considered:

- The Government would very likely be sued by one or more of the Federal employee unions challenging the assertion that economic conditions are serious enough to make the 7.05 percent comparability increase inappropriate. Ray Marshall, Scotty Campbell and Bert do not believe that existing economic conditions warrant an alternative plan.

- It would damage the Administration's relationships with the Federal employee unions. During the campaign the AFL-CIO was sent a telegram, the contents of which are quoted in the attached excerpt from a union journal. The unions understood this message as an assurance that you would not limit Federal pay unless you were taking similar action with regard to the private sector. During the Pay Agent's many discussions with union leaders, approximately that same assurance was repeated.

- Before our Administration took office, three of the five members of the Federal Employees Pay Council had resigned in protest of the previous Administration's actions. One of their principle grievances was that the Nixon/Ford Administration had made excessive use of the alternative plan

authority. To get the unions back to the table, the Pay Agent essentially repeated your campaign promise in a letter to George Meany in May of this year (attached).

- In discussing this year's pay increase with union leaders--while care has been taken to preserve your freedom to use the alternative authority--nobody has given the impression that it is a very likely option. Indeed, at one critical point when the unions were pressing for such assurance, they were told that, if you were to seriously consider an alternative plan, they would be informed and given an opportunity to present their arguments to you.

- Finally, there is the matter of equity. The Pay Agent has carefully reviewed the comparability issues and has concluded, for the reasons set forth in ~~our~~ August 22 memo, that 7.05 is a reasonable figure. Your Advisory Committee has reviewed this conclusion and concurred in it. This 7.05 percent increase proposed will put Federal employees only a little ahead of this year's 6 percent inflation rate. Since last year's pay increase was well below the inflation rate, for the two years together Federal employee pay increases will lag behind increases in the rate of inflation. This is important because over half of all Federal employees are at or below grade 7 and many of these are their family's primary wage earner.

Where they stand on the key issues



Jimmy Carter:

A promise of progress

ACCORDING to Washington Star reporter Joseph Young, Carter has repeatedly maintained the position that "Federal employees should be treated equally with private industry workers in the matter of pay raises."

In a telegram sent this week to the AFL-CIO on the issue of comparability, Carter said:

"I SUPPORT the principle of pay comparability in Federal employment. I would leave the option open for the Federal government to set an example of reduced increases for Federal employees if it was part of an overall agreement with labor and industry in the private sector to hold down inflationary pressures."

THE platform adopted by the Democratic National Convention—and totally ascribed by the Carter-Mondale ticket—calls for full collective bargaining rights for all public employees.

The text of that statement in the Democratic platform reads as follows: "We support the right of public employees and agricultural workers to organize and bargain collectively. We urge the adoption of appropriate Federal legislation to ensure this goal."

THE Democratic Platform this year contains a pledge to liberalize the Hatch Act. The Convention asserted: "We support revision of the Hatch Act so as to extend to Federal workers the same political rights enjoyed by other Americans as a birthright, while still protecting the Civil Service from political abuse. The amendments to the law were approved by the Congress only to be vetoed by President Ford in April. A Democratic Administration is committed to liberalization of the Hatch Act to permit Federal workers to speak freely in the American political process."



Gerald Ford:

An avalanche of vetoes

Comparability of Federal pay

LET THE record speak for itself—President Ford, in 1974, proposed to delay the GS comparability adjustment for 90 days. The Senate overturned that delay. In 1975, the President said he intended to limit Federal GS pay to 5 percent, regardless of the outcome of the comparability procedures. When Ford's advisers reported that comparability amounted to 8.66 percent, he substituted an alternate plan amounting to 5 percent. Congress failed to overturn the President's plan. This year, the President avoided a confrontation with Congress through slick manipulation of procedures by his advisers. The consequence—a 4.83 percent increase.

Bargaining by law

THROUGHOUT the nearly 800 days of the Ford Administration, AFGE has been pushing for collective bargaining by law. The Administration has responded to these calls with weak acknowledgment of the merits, but consistent opposition to passage of the bill. Administration spokesmen have appeared before the House and Senate offering empty legislative proposals to stall the movement of legitimate collective bargaining measures supported by congressional Democrats.

Political rights under Hatch Act

FROM Ford's veto message: "Proponents of this bill argue that the Hatch Act limits the rights of Federal employees. The Hatch Act does in fact restrict the right of employees to fully engage in partisan politics. It was intended, for good reason, to do precisely that. Most people, including most Federal employees, not only understand the reasons for these restrictions, but support them."

The President's statement is both right and wrong—Federal workers do understand the reasons for some Hatch Act restrictions; they do not support those reasons.

The bottom line is a vote for Carter

May 24, 1977

Mr. George Meany
President
AFL-CIO
815 16th Street, N.W.
Washington, D.C. 20006

Dear Mr. Meany:

As the President's agent under the Federal Pay Comparability Act of 1970, we are writing to ask that you nominate three officials to represent the AFL-CIO as members of the Federal Employees Pay Council. As you know, three of the five seats on the Council have been filled by representatives of the AFL-CIO since the Council was first established under the Act.

Your previous nominations to these seats have been the National President of the American Federation of Government Employees, the Executive Vice President of the AFGE, and a representative of the Public Employee Department. However, as you know, these three seats were vacated by resignations last August.

We are convinced that meaningful union involvement in the pay-setting process is absolutely crucial. We hope the AFL-CIO members will return to the Council and we believe that their return will provide an excellent opportunity to reexamine ways in which meaningful union involvement can be better achieved.

One of the Council members' deepest concerns over the past several years has been the repeated attempts to invoke the alternative plan authority, temporarily holding Federal pay below the full comparability level. We can readily sympathize with this concern.

President Carter is committed to the concept of Federal pay comparability and does not intend to use the alternative plan authority as a means of budgetary control, imposed solely to hold down Federal expenditures. He would consider use of the authority, as envisioned by law, only because of national emergency or economic conditions affecting the general welfare, requiring Presidential initiatives affecting the general economy. Even in such circumstances, should they occur, you may be assured that no final decision to invoke the alternative plan authority will be made without an opportunity for the Pay Council's views to be heard and seriously considered.

President Carter also is receptive to the suggestion to expand the President's pay agent under the Federal Pay Comparability Act, and is prepared to issue an Executive order designating the Secretary of Labor to serve with the Director of the Office of Management and Budget and the Chairman of the Civil Service Commission.

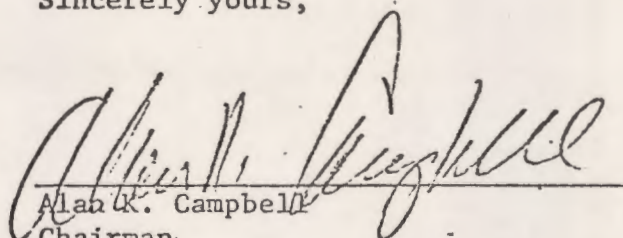
We are also aware of the past concerns of Council members over the difficulty in resolving issues or disputes which arise between agent and Council. We propose that issues which cannot be resolved between us be presented to the Advisory Committee on Federal Pay, which would then inform agent and Council as to how it intends to advise the President in its annual report on that particular issue. President Carter agrees with this approach and plans to issue an Executive order authorizing the Advisory Committee to perform that role, and directing both the Committee and the agent to include a full discussion of any such issue in their separate recommendations to him.

It is our intent to make determinations on methodology in advance of receipt of the annual salary data. Likewise, we would certainly hope that through mutual good faith dealings we could stabilize the process and seek ways to simplify the entire procedure, consistent with the goal of comparability.

We have scheduled the first of this year's Pay Council meetings for June 15, 1977, and public notice to that effect must be published in the Federal Register at least 15 days beforehand. We hope that you will be able to advise us who your representatives will be prior to June 1st.

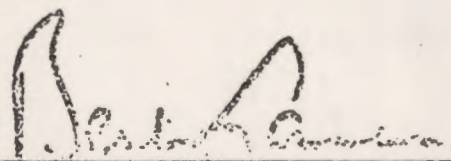
May we reiterate our sincere wish that the AFL-CIO will find it possible to participate fully in the discussions this year between the President's agent and the Federal Employees Pay Council.

Sincerely yours,



Alan R. Campbell
Chairman

U. S. Civil Service Commission



Bert Lance
Director
Office of Management and Budget

THE WHITE HOUSE
WASHINGTON

Mr. President:

Eizenstat comment: "While the salary increase is supported by OMB, DoL, CSC, and the Civil Service Unions, and while the requirements of the law would seem to mandate such an increase, I am concerned with the public appearance that we are contributing to inflation. If there is any way this can be ameliorated, for example, by phasing in the increases in two bites, I think this might set a better example for the private sector in the inflation area."

Bill Cable: thinks the President should meet with Ash prior to making a decision--it costs little and will look good when any decision is reached.

Tim Kraft: comments that he is trying to hold as much of September as possible for time with Congress - a meeting with the Advisory Committee does not appear to represent an urgent exception.

Watson, Jordan and Schultze had no comment.

---Rick



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

August 26, 1977

*Stu -
For your
information.
Jim*

MEMORANDUM FOR THE PRESIDENT

FROM: JIM MCINTYRE

SUBJECT: Alternative Plan - Federal White Collar
and Military Pay Increase

Stu Eizenstat and I have discussed the possibility that this year's proposed comparability pay increase of 7.05 percent may appear to be contributing to inflation, and the possibility that you might phase it in two bites. The law does provide authority for you to do that by submitting for Congress' approval an alternative to the comparability increase. However, the law provides that such an alternative plan may be submitted only when justified by "national emergency or economic conditions affecting the general welfare." Accordingly, we would have to be ready to cite the economic conditions that justify the alternative plan. Before deciding whether or not to recommend an alternative plan, the following points should be considered:

- The Government would very likely be sued by one or more of the Federal employee unions challenging the assertion that economic conditions are serious enough to make the 7.05 percent comparability increase inappropriate. Ray Marshall, Scotty Campbell and Bert do not believe that existing economic conditions warrant an alternative plan.

- It would damage the Administration's relationships with the Federal employee unions. During the campaign the AFL-CIO was sent a telegram, the contents of which are quoted in the attached excerpt from a union journal. The unions understood this message as an assurance that you would not limit Federal pay unless you were taking similar action with regard to the private sector. During the Pay Agent's many discussions with union leaders, approximately that same assurance was repeated.

- Before our Administration took office, three of the five members of the Federal Employees Pay Council had resigned in protest of the previous Administration's actions. One of their principle grievances was that the Nixon/Ford Administration had made excessive use of the alternative plan

authority. To get the unions back to the table, the Pay Agent essentially repeated your campaign promise in a letter to George Meany in May of this year (attached).

- In discussing this year's pay increase with union leaders--while care has been taken to preserve your freedom to use the alternative authority--nobody has given the impression that it is a very likely option. Indeed, at one critical point when the unions were pressing for such assurance, they were told that, if you were to seriously consider an alternative plan, they would be informed and given an opportunity to present their arguments to you.

- Finally, there is the matter of equity. The Pay Agent has carefully reviewed the comparability issues and has concluded, for the reasons set forth in ^{our}~~my~~ August 22 memo, that 7.05 is a reasonable figure. Your Advisory Committee has reviewed this conclusion and concurred in it. This 7.05 percent increase proposed will put Federal employees only a little ahead of this year's 6 percent inflation rate. Since last year's pay increase was well below the inflation rate, for the two years together Federal employee pay increases will lag behind increases in the rate of inflation. This is important because over half of all Federal employees are at or below grade 7 and many of these are their family's primary wage earner.

May 24, 1977

Mr. George Meany
President
AFL-CIO
815 16th Street, N.W.
Washington, D.C. 20006

Dear Mr. Meany:

As the President's agent under the Federal Pay Comparability Act of 1970, we are writing to ask that you nominate three officials to represent the AFL-CIO as members of the Federal Employees Pay Council. As you know, three of the five seats on the Council have been filled by representatives of the AFL-CIO since the Council was first established under the Act.

Your previous nominations to these seats have been the National President of the American Federation of Government Employees, the Executive Vice President of the AFGE, and a representative of the Public Employee Department. However, as you know, these three seats were vacated by resignations last August.

We are convinced that meaningful union involvement in the pay-setting process is absolutely crucial. We hope the AFL-CIO members will return to the Council and we believe that their return will provide an excellent opportunity to reexamine ways in which meaningful union involvement can be better achieved.

One of the Council members' deepest concerns over the past several years has been the repeated attempts to invoke the alternative plan authority, temporarily holding Federal pay below the full comparability level. We can readily sympathize with this concern.

President Carter is committed to the concept of Federal pay comparability and does not intend to use the alternative plan authority as a means of budgetary control, imposed solely to hold down Federal expenditures. He would consider use of the authority, as envisioned by law, only because of national emergency or economic conditions affecting the general welfare, requiring Presidential initiatives affecting the general economy. Even in such circumstances, should they occur, you may be assured that no final decision to invoke the alternative plan authority will be made without an opportunity for the Pay Council's views to be heard and seriously considered.

President Carter also is receptive to the suggestion to expand the President's pay agent under the Federal Pay Comparability Act, and is prepared to issue an Executive order designating the Secretary of Labor to serve with the Director of the Office of Management and Budget and the Chairman of the Civil Service Commission.

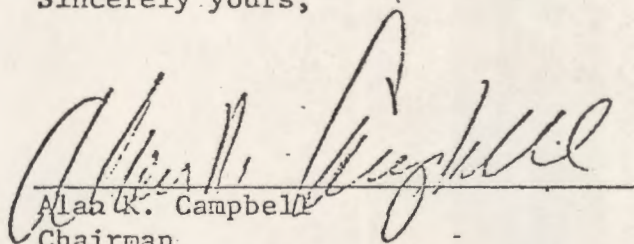
We are also aware of the past concerns of Council members over the difficulty in resolving issues or disputes which arise between agent and Council. We propose that issues which cannot be resolved between us be presented to the Advisory Committee on Federal Pay, which would then inform agent and Council as to how it intends to advise the President in its annual report on that particular issue. President Carter agrees with this approach and plans to issue an Executive order authorizing the Advisory Committee to perform that role, and directing both the Committee and the agent to include a full discussion of any such issue in their separate recommendations to him.

It is our intent to make determinations on methodology in advance of receipt of the annual salary data. Likewise, we would certainly hope that through mutual good faith dealings we could stabilize the process and seek ways to simplify the entire procedure, consistent with the goal of comparability.

We have scheduled the first of this year's Pay Council meetings for June 15, 1977, and public notice to that effect must be published in the Federal Register at least 15 days beforehand. We hope that you will be able to advise us who your representatives will be prior to June 1st.

May we reiterate our sincere wish that the AFL-CIO will find it possible to participate fully in the discussions this year between the President's agent and the Federal Employees Pay Council.

Sincerely yours,



Alan K. Campbell

Chairman

U. S. Civil Service Commission



Bert Lance

Director

Office of Management and Budget

THE WHITE HOUSE
WASHINGTON

Mr. President:

Eizenstat comment: "While the salary increase is supported by OMB, DoL, CSC, and the Civil Service Unions, and while the requirements of the law would seem to mandate such an increase, I am concerned with the public appearance that we are contributing to inflation. If there is any way this can be ameliorated, for example, by phasing in the increases in two bites, I think this might set a better example for the private sector in the inflation area."

Bill Cable: thinks the President should meet with Ash prior to making a decision--it costs little and will look good when any decision is reached.

Tim Kraft: comments that he is trying to hold as much of September as possible for time with Congress - a meeting with the Advisory Committee does not appear to represent an urgent exception.

Watson, Jordan and Schultze had no comment.

---Rick